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Economic growth and political succession:
A study of two regions

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Economic growth and political succession:

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Tim Kelsall*

In the 1960s and 1970s economic growth in sub-Saharan Africa was respectable, with a handful of economies growing extremely rapidly. Growth was not sustained, however, partly because of problems related to leadership succession. Since Africa is again growing rapidly, this working paper explores how countries can avoid the succession trap. It does this by means of a qualitative comparative analysis of fast-growing countries in Southeast Asia and Africa. Contrary to currently fashionable ideas about 'inclusive institutions' and 'golden threads', it finds that crucial to combining succession with growth is the embedding of policy-making in strong institutions of one of two types: 1) a dominant party with a tradition of consensual decision-making and leadership succession, or 2) a strong, organic bureaucracy, effectively insulated from changes in political leadership.

1 Introduction

Sub-Saharan Africa is now the world's fastest growing region, with seven out of ten of the world's most expansionary economies predicted to be African in the next decade (The Economist 2011). This is not the first time in history, however, that African economies have proved dynamic. Between 1960 and 1974, the continent grew respectably overall, a handful of economies posting extremely rapid growth rates (Ndulu et al. 2008). This growth was not sustained, however, and previous research conducted by the Africa Power and Politics Programme has shown that this was partly tied up with problems of leadership succession (Kelsall 2011b; Kelsall 2013). Since the succession issue is raising its head in several of today's 'lion' economies, including Angola, Ethiopia, Rwanda and Uganda, this paper examines comparative evidence from two regions to answer the question: 'Under what conditions does high economic growth survive leadership succession?'

Our study takes the form of a comparative qualitative analysis of high-growth economies in sub-Saharan Africa and Southeast Asia. Drawing on the economic growth literature, as well as the literature on political succession, we tease out the conditions in which growth and political succession were combined, or in which they parted company.

We find no evidence that 'inclusive institutions'—to reference a currently fashionable theory—or a 'golden thread' linking the rule of law, the absence of conflict and corruption, and the presence of property rights and strong institutions, are significant. We find a handful of other variables, namely a leader under 75 when he handed over power, a fairly homogenous ethnic structure, a state with roots in an identifiable pre-colonial political formation, and a favourable external economic environment, to be present in the majority, but not all, successful cases. And finally, we find a combination of three conditions present across all the regimes that combined succession with growth. First, a policy package that was broadly pro-market and pro-foreign investment, but with elements of state industry and industrial policy. Second, an intermediate level of 'systemic vulnerability'. And third, policy-making that was embedded in either:

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1. a strong party with a tradition of consensual decision-making and leadership succession, or
2. a strong, organic bureaucracy, effectively insulated from changes in political leadership.

There are two main implications for policy makers. One is that regimes which meet the first two conditions but in which the third is lacking—highly autocratic neo-patrimonial regimes, for example—may grow rapidly for a decade or more, but are unlikely to sustain growth across a political succession. In such countries, policy-makers should think about how they can encourage the creation of institutions that will support investor confidence across transitions. A second is that such institutions need not necessarily be, nor perhaps are they even likely to be, 'inclusive' in an Anglo-American sense. Strong, consensual political parties, or, more rarely, organic, insulated bureaucracies, have proved capable of securing investor confidence until countries reach at least upper middle-income level. In some states, then, these might be regarded as viable alternatives to strong representative parliaments, a competitive party system, and the rule of law.

The paper is organized as follows. We begin with a brief overview of some current theories in the economic growth literature, including those that directly or indirectly address the issue of political succession. We then describe our method of historical process-tracing and structured focused comparison. Next we provide short histories of economic growth and leadership succession in our five 'successful' cases, namely, Malaysia, Vietnam, Laos, Mozambique, and Thailand, and our four 'unsuccessful cases', that is, Indonesia, Kenya, Côte d'Ivoire, and Malawi; we also discuss Cameroon, an unusual case which we regard as a 'false positive'. Finally, we tease out the conditions that unite the successful cases and distinguish the unsuccessful ones, before discussing policy implications.

2 Growth, succession, and credible commitments

For sake of convenience we divide contemporary theories of economic growth into three: those that stress the importance of physical or social geography, those that stress policies, and those that stress institutions. The literature on political succession, meanwhile, has focused not so much on growth as on 'orderliness'. Different strands pick up not just on the importance of ethnic geography and institutions, but also on the issue of 'timing'.

Geographical explanations

In recent years an influential strand of literature has traced uneven global growth and development to physical causes. Authors such as Jeffrey Sachs and Paul Collier point to factors such as the ease of establishing productive agriculture, the virulence of endemic diseases, and the distribution of inland waterways and coastlines—all of which are thought to make development in sub-Saharan Africa especially difficult (Bloom et al. 1998).

A different strand of 'geographical' literature focuses on a country's ethnic inheritance. Statistics suggest that development is more difficult in societies with high degrees of ethnic fractionalization, and African societies tend to be more fractionalized than most (Easterly and Levine 1997). In particular, African countries often have particularly explosive ethnic geographies in which power can easily be captured by a small number of large groups (Barkan 2012); geographies that are sometimes called bipolar, tripolar or concentrated multipolar (Bangura n.d.). A related position finds that states with their roots in a pre-colonial political community are better at development than those that lack this (Englebert 2000).

Another argument that can be loosely termed ‘geographical’ focuses on states’ ‘systemic vulnerability’. Richard Doner et al. (2005) have argued that states put in place the policies and institutions to achieve high growth, structural transformation, and technological upgrading when they face three conditions: an external threat to regime survival, an internal potential for popular mobilization, and resource scarcity. Regimes which face only one or two of these threats, or else all three in attenuated form, tend to achieve an intermediate level of economic development, characterized by growth and structural transformation without upgrading.

Finally under this heading, we should consider the external economic environment or ‘neighbourhood effects’. It seems certain that these influence economic growth—the success of Southeast Asian late developers is often explained partly by reference to their proximity to Japan—but are they determining, and do they have a bearing on succession?

Policy explanations

Policy-based explanations can be crudely divided into two: those that stress the importance of promoting free-market, open economies, governed by the price mechanism (World Bank 2004), and those that stress the importance of state intervention in creating transformative industrial policies (Noman et al. 2011); there are further disagreements over whether successful states focus primarily on agricultural or industrial development, and what the proper sequencing of the two should be (van Donge et al. 2012).

Timing

The literature on political succession identifies a number of salient conditions that we can group under the heading of ‘timing’. Harold Crouch, for example, has averred that orderly succession is more likely in a context of economic growth than contraction, since contraction makes it more difficult to buy off disgruntled parties (Crouch 1988). Political scientists have also noticed that succession tends to be more disorderly when the incumbent is either very old and/or has been in power for many years. The explanation offered is that as a leader ages, especially in more personalized polities, the political system tends to decay, making transition more traumatic (Clapham 1988).

Institutional explanations

Institutional explanations focus on the nature of the state, its constitutive organs, rules and laws; they may also consider informal rules and practices that create or solve development-impeding collective action problems (North 1981; Olson 1965, 1982; Ostrom 1990). Institutionalists have argued, for example, that for economic growth to occur, political leaders must establish effective property rights. Not only must they establish such rights, they must also make a credible commitment to them (North and Weingast 1989). In the early stages of economic growth, an enlightened autocrat or ‘benevolent dictator’ may be able to do this by setting a precedent of ‘responsible behaviour’ (North and Weingast 1989; Olson 1993). But this may not suffice when the political leadership changes. Where the system of property rights is closely tied to a leader’s personal skills, preferences and connections, investors will worry that a new leader will not honour the commitments of the old; where the entire political system rests on the dictates of a single man, they will worry that the transition will be destabilizing and disorderly. New leaders often need to establish a new power base, or to free themselves from the supporters of their predecessor, reallocating property rights in the process (Clapham 1988; Hughes and May 1988; Jackson and Rosberg 1982; Jones and

Olken 2005). We can see, then, why leadership successions may be problematic for economic growth.

At some point in their historical trajectories, today's developed countries got around this problem by creating institutions capable of maintaining investor confidence across political transitions. Hereditary succession worked reasonably well in some countries, but economic growth under this system rarely lasted longer than one or two generations (Olson 1993). More durably, steps were taken to limit the power of individual leaders to reallocate property rights. In England, the pivotal moment was arguably the Glorious Revolution of 1688, in which the King ceded many of his rights to Parliament, the judiciary was strengthened, and soon after a Bank of England was created (North and Weingast 1989). Some of Britain's former settler colonies such as the US and Australia followed a similar a pathway, recently popularized by Acemoglu and Robinson's *Why Nations Fail*, which celebrates the role of 'inclusive' institutions (Acemoglu and Robinson 2012), echoes of which can also be found in British Prime Minister David Cameron's 'golden thread' (Cameron 2012). *Pace* the aforementioned, parliamentary institutions in continental Europe, and also Japan, tended to be weaker and a corporatist, sometimes Fascist, state, more important: the bureaucracy provided investors with the continuity, assurances, and incentives for sustained investment (Gerschenkron 1965; Johnson 1982; Moore 1966).

Standard policy advice to today's developing countries tends to be inspired by the Anglo-American path of strong representative institutions and an independent judiciary upholding the rule of law. But is this the right advice to give to contemporary African countries? In the following analysis we show that fast-growing African and Asian countries have not typically grown on the basis of such institutions, nor have they relied on such institutions to sustain growth across leadership successions. Other solutions, based on strong consensual political parties, or organic and insulated bureaucracies, have been found. Before offering up the standard advice, then, policy-makers should consider whether there might be other solutions that fit better with extant socio-political realities.

3 Methodology and case selection

As the discussion above demonstrates, some insights into the relationship between economic growth and political succession can be found in the existing literature, but study of the topic has not been systematic. This paper provides a more rigorous treatment, by comparing growth and succession in sub-Saharan Africa and Southeast Asia.[1] To identify causal patterns, we combine the technique of process-tracing[2] with structured, focused comparison. In a first step we identify causal chains by providing a historical narrative of growth and succession in our case studies, drawing on the economic growth and political succession literature, together with insights unique to country-based studies. We then assess the generalizability of these patterns (within the two regions) by applying the indirect method of difference.[3] Finally we combine these two exercises to provide a typological theory that identifies the conditions under which political succession is compatible with economic growth.

1 This choice has been governed by the pre-existing interests of the researcher: other regions could equally have been chosen, and might have yielded different or similar results.

2 The process-tracing method, 'attempts to identify the intervening causal process—the causal chain and causal mechanism—between an independent variable (or variables) and the outcome of the dependent variable' (George and Bennett 2005, 206).

3 According to George and Bennett, the indirect method of difference is a 'double application of the method of agreement. 'First, the investigator identifies instances of a similar outcome of a phenomenon [succession with growth] to see if they display a similar independent variable. If they do, then cases in

Because we are interested in the relationship between succession and growth, our universe of cases is all those countries that have experienced growth and a political succession, subject to certain limitations. To begin with, we limit ourselves to medium or large-sized countries, which we define as countries with a population of over 5 million. Next, we limit ourselves to high-growth countries, by which we mean countries which at some point between 1960 and 2010 enjoyed a ten-year period in which annual GDP growth was equal to or exceeded 7%.[4] And finally, we limit ourselves to countries where high growth is unlikely to have been caused by a 'peace dividend'.[5]

These exclusions leave us with ten cases: Malaysia, Vietnam, Laos, Mozambique, Thailand, Cameroon, Indonesia, Côte d'Ivoire, Kenya and Malawi. Our 'positive' cases—the first six—are what we call politically sustainable growth regimes. They are all countries where a high growth period spans a political succession and is sustained for five years after the succession. Our 'negative' cases—the last four—we call politically unsustainable growth regimes. These are countries which had a high growth period, but where that high growth period was brought to an end, either before or after a political succession.[6] Table 1 provides details.

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which that outcome is absent are examined to see if they lacked the independent variable associated with the outcome' (ibid., 158).

4 We exclude countries with populations of under five million both for reasons of manageability and because we believe small countries may be subject to different dynamics. We choose 7% annual GDP growth as a cut-off point because developing countries are often told that they need to grow at 7% a year or more to make a significant impact on poverty reduction, perhaps because with a 7% growth rate, GDP roughly doubles every ten years (Amoako 2011, 24-27; World Bank, 2000). Note that all data comes from World Databank, 2012 http://databank.worldbank.org/data/home.aspx. Ideally we would have chosen an indicator of development broader than growth, for example 'growth with structural transformation'. However, the unavailability of continuous data sets on such measures means we have to make do with 'growth'. We are also painfully aware of limitations in African growth statistics—see Jerven (2010)—but console ourselves with the idea that there is little reason to think that economic statistics differ systematically in quality between fast and slow growers, or between successful and unsuccessful succession countries, making the statistics a good enough guide to broad trends and the directionality and relativity of change.

5 By this method we discounted the first five years of economic data that followed the end of a serious conflict, leading us to exclude Myanmar as a potential case study.

6 Note that if we had defined a high-growth period as 'five years', we would have had to include Mali. Mali experienced 7% growth under the regime of Lieutenant Moussa Traore between 1975 and 1979, the year in which Traore civilianized his regime. It fell thereafter, with Traore finally being removed from power in 1991. Although the collapse of growth may have been related to the transition to a new political system, it seems not to have been related to the succession issue per se—for that reason we do not delve further into this case.

Table 1: Economic growth and leadership succession 1961-2010

Country	High-growth phase	Average growth rate	Length of growth phase in years	Sustained through leadership succession	GDP per capita at first transition (constant 2000 $US)	Age of leader at first transition*	Details
Malaysia	1966-84	7.17	19	Yes	$1139	67	High growth begins prior to 1961 under the tenure of UMNO Prime Minister Tunku Abdul Rahman. Rahman resigns in 1970 and is replaced by Deputy PM Tun Abdul Razak of the same party. Razak dies in 1976 and is replaced by Deputy PM Hussein Onn, under whose tenure growth accelerates. Onn resigns in 1981, replaced by his deputy Mahathir Mohamad. High growth continues until 1985, when the economy contracts. Growth across Mahathir's reign is 6.28% overall (1981-2003), falling to 4.77% under his successor Abdallah Badawi (2003-2009).
Vietnam	1988-10	7.22	23	Yes	$355	77 (average)	Following economic reforms in the mid-1980s, GDP growth begins to pick up, breaking the 7% barrier in 1989. 1997 sees a leadership transition, with the ruling triumvirate of Do Muoi, Le Duc Anh, and Vo Van Kiet succeeded by Le Kha Phieu as communist party leader, Tran Doc Luong as president, and Phan Van Khai as prime minister. In 2001 Le Kha Phieu is replaced as party leader by Nong Duc

							Manh. Phan van Khai is succeeded by Nguyen Tan Dung and Tran Doc Luong is succeeded by Nguyen Minh Triet in 2006; Nong Duc Manh is replaced by Vu Trong Kim in 2008. High growth is maintained throughout this period.
Laos	1999-10	7.00	12	Yes	$436	82	A high growth phase begins in 1999 under the Presidency of Gen. Khamtay Siphandon. In 2006 Vice-President Lt. General Choummaly Sayasone of the ruling LPRP succeeds Khamtay. Growth continues.
Mozambique	1997-10	7.83	14	Yes	$312	66	High growth begins shortly after 1992 peace accords with Joaquim Chissano as Frelimo President. Armando Guebuza succeeds him in 2005. Growth maintained at 7.47%.
Thailand	1961-98	7.02	38	Yes	$359	55	High growth regime begins under Army Chief General Sarit Thanarat. Sarit dies in 1963 and is replaced by his defence minister Field Marshal Thanom Kitikkachorn. Thanom alternates between military and civilian administrations with growth averaging 8.02%, before being replaced by legal scholar Sanya Thammusak in 1973 amid widespread unrest. There are three civilian regimes between 1973 and 1976, with growth averaging 7.25%. The military takes power again in 1976. There are three different leaders between 1976 and 1980, with growth averaging 8%. In 1980 General

							Prem Tinsulanonda takes over and governs until 1988; growth falls temporarily to 6.75%. General Chatichai Choonhavan governs 1988-91, growth averaging 11.3%. He is removed in a coup in 1991, and the subsequent ten years see one military and seven civilian prime minister. Growth averages 8.1% until the Asian financial crisis of 1997. Although the economy rebounds thereafter, it never regains its 7% decadal growth rate.
Cameroon	1974-87	7.70	14	Yes	$826	58	A high growth period begins in 1974 under President Ahidjo, who is succeeded by Prime Minister Paul Biya in 1982. High growth continues until 1987 before falling.
Indonesia	1968-97	7.40	30	No	$751	77	The economy enters a high growth period under the regime of General Suharto, which does not cease until 1998, when Suharto falls in the aftermath of the Asian financial crisis. Vice-President Habibie takes over until he is replaced in elections in 1999, during which time the economy *shrinks* at 6.17% a year. Incoming President Abdurahmann Wahid governs until 2001, with growth at 3.11%, before being replaced by Vice-President Megawati Sukarnoputri. With growth at 4.49%, she governs until 2004 before being defeated in elections by Susilo Bambang Yudhoyono. Between 2004 and 2010, growth averages 5.6% a year.

Côte d'Ivoire	1961-81	7.00	19	No	$598	88	High growth begins under PDCI's President Houphouët Boigny and continues for 19 years. However, between 1979 and 1993 the economy actually shrinks at 0.1% a year. In 1993 Houphouët is succeeded by Henri Konan Bedié and growth recovers over the next six years, but only to 3.93%. In 1999 Bedié is overthrown in a coup, which inaugurates a long period of political instability, growth averaging 0.78% (1999-2010).
Kenya	1963-80	7.05	18	No	$413	84	High growth endures throughout the 16 years of President Jomo Kenyatta's KANU regime, and survives for the first three years of his successor, Vice-President Daniel arap Moi. However, the economy subsequently slows and averages only 4.59% over the first 10 years of Moi's reign (and 3.37% over the entire duration of his regime (1978-2002)).
Malawi	1965-74	7.05	10	No	$126	96	Malawi enters a high growth phase in 1965 under the leadership of Hastings Banda's MCP. However, growth slows to 6.03% over the next 5 years, and deteriorates further to 1.72% in the 1980s. Banda is defeated by Bakili Muluzi in 1994 and growth recovers a little, but only to 3.08% (1994-2004).

Although most of the literature that has discussed the relationship between growth and succession has focused on the role of institutions, we wish to tell a richer causal story. For that reason, our narrative also makes reference to conditions posited as causes by other branches of the growth literature. In other words, in addition to analyzing the role of institutions, we discuss factors such as natural resource availability, ethnic geography, systemic vulnerability, pro-market policy, and so on. Note that readers who are short of time may prefer to skip the country narratives and jump straight to the discussion on p. 39.

4 Politically sustainable high-growth regimes

Malaysia

Malaysia is one of the world's most successful developing countries, its GDP per capita increasing more than sixfold between 1960 and 2010. It has also undergone five changes in political leadership, and has had two sustainable high-growth regimes. As the forthcoming paragraphs will show, the key components of this success story appear to have been an emphasis on agricultural development, the provision of incentives for foreign investment, the creation of a domestic business class, and the maintenance of a tradition of orderly intra-party succession.

The Federation of Malaysia was formed in 1963 from the independent state of Malaya (1957) plus the territories of Singapore, Sarawak, and North Borneo, all of which had been British colonial possessions (Hall 1981). Producing more than 50% of the world's tin and rubber, and with some rudimentary manufacturing, Malaya was a prosperous colonial economy. However, it was also subject to severe social tensions caused by high levels of Chinese and Indian immigration. By 1941, Chinese outnumbered indigenous Malays and dominated the modern sector, a factor that helped unite a formerly fragmented Malay community in the United Malays National Organisation (UMNO). By contrast, the Chinese community was riven by class tensions, and on the eve of independence a communist insurgency, appealing mainly to Chinese workers and intellectuals, was launched. Subsequently, conservative Chinese in the Malaya Chinese Association (MCA) threw in their lot with indigenous Malays, forming a political pact with UMNO. With the communist emergency largely extinguished, elections were held in Kuala Lumpur in 1952, in which the Alliance more or less swept the board (Hall 1981).

After the Emergency, the government concentrated its energies on improving the lot of the rural people. In 1959 Deputy Prime Minister Tun Abdul Razak declared:

> 'The aim will be to provide a sound foundation for peasant agriculture, to ensure that the man on the land receives the full reward for his work and enjoys the amenities of Malayan life in the same measure as his brother in the town…it is the intention of the government to marshal all available resources, and to deploy them with such determination and energy as were used to free the country from the menace of Communist terrorism' (cited in Henley 2010a, 4).

1959 saw the creation of a Ministry for Rural Development, headed from a military style National Operations Room by the Prime Minister himself. 'There was a constant sense of acute, energizing urgency' (Henley 2010b, 10). The main task was to increase rural productivity by expanding the acreage of land under technical irrigation, and disseminating new seed varieties. The 1961-65 development plan devoted twenty times more development funding to agriculture than to industry. Two main schemes stand out. One was an upgrading of Malaysia's rubber stock; the other focused on the rice sector. Irrigation efforts such as the

MUDA scheme were focused on high potential areas, while fertilizer subsidies were directed to lower potential areas. Also important was FELDA, the Federal Land Development Authority, created in 1956 to clear new land for the resettlement of poor and landless people, in order to grow rubber and palm oil for export (Henley 2010b).

Although growth ensued (6.55% between 1961 and 1969) and poverty decreased, the pace of inter-ethnic redistribution was not quick enough to satisfy Malay interests, and in 1969 there were serious anti-Chinese riots in Kuala Lumpur. The riots coincided with growing dissatisfaction within UMNO over Tunku Abdul Rahman's premiership. Earlier that year he had been publicly criticized by arriviste politician Mahathir Mohamed (Mahathir was subsequently expelled from the party), and following the riots, high-ranking UMNO leaders let him know his position was untenable. Crucially for our story, Rahman was not unceremoniously deposed. Rather, he was given time to recover face before resigning in 1970, handing power to Tun Abdul Razak, Deputy-PM.

To understand how this orderly transition was managed, it is necessary to revisit the origins of UMNO. The United Malays National Organisation was established in 1946 in response to British proposals for a Malayan Union. The Union was to grant equal citizenship rights to all Malaya's ethnic communities, thereby eroding the special relationship hitherto enjoyed by the indigenous Malay majority. Already economically inferior to the immigrant populations, Malay elites overcame their existing fragmentation to protest the impending loss of their political privileges (Stockwell 1977, 489).

UMNO was led by Dato Onn bin Jaafar, a Western-educated civil servant of aristocratic birth. Known as the 'Ghandi of Johore', 'Onn amazed observers by the way he straddled the geographical and social divides that had for so long impeded Malay unity' (Stockwell 1977, 505). His position was bolstered by a Malay tradition of 'uncritical obedience to authority'. In traditional Malay society, 'The raja legitimized his daulat (sovereignty) by Hinduist beliefs in divine rule. Court rituals, a dress code, regalia, court etiquette and decorations helped distinguish the ruler as a special being among his subjects' (Singh 1995, 188). The theme of absolute loyalty dominated Malay classics such as Sejarah Melayu and Hikayat Hang Twah (Singh 1995, 189), and UMNO leaders drew on these when appealing for Malays to unite behind the leaders of UMNO (Singh 1998, 243).

In 1951 Dato Onn aggrieved his fellow leaders with plans to open UMNO membership to non-Malays. He was not unceremoniously ousted, however. Partly because of the aforementioned traditions, the UMNO elite let it be known that they were willing to outvote him in the Supreme Council, following which he gracefully resigned. 'Had Onn been deposed in an unceremonious manner, Malaysia's history would probably have taken a different course' claims Singh. 'By resigning, however, Onn reinforced the myth of tradition governing elite displacement within UMNO' (Singh 1998, 244).

That tradition, as we have seen, was cemented in 1970 when Prime Minister Rahman resigned following the 1969 riots. Indeed, Abdul Rahman had been instrumental in maintaining the tradition, circumscribing political competition for the top posts in UMNO, and frequently referring to Tun Abdul Razak, his Deputy, as 'successor' (Singh 1998, 244). In doing so, he evoked the historical relationship between a Malay aristocratic ruler or *raja* and his *raja muda*, or heir apparent. Since it was considered 'villainous treachery' for an heir-apparent to move against the raja, this helped ensure a degree of stability (Singh 1998, 245).

With Abdul Razak's accession to the premiership, there came a shift in Malaysian development policy. Although high levels of funding to agriculture were maintained, Abdul

Rahman's comparatively laissez-faire approach to business gave way to a more concerted effort to create an indigenous business class. In 1971 the government launched its New Economic Policy, a 20-year policy to eradicate poverty irrespective of race and to restructure the economy with a view to abolishing the association of race with economic function (Teik 2001, 184). A variety of state institutions began to purchase equity in private businesses held in trust for the Malay population; the state created and operated its own businesses; and it legislated new affirmative action criteria for existing corporate players (Teik 2001, 185). Enterprises seen as being friendly to Malay interests were favoured with trading privileges, contracts, and loans; those which were not were discriminated against. In addition, UMNO itself began to go into business (Ling 1992, 107; Searle 1999). Simultaneously, Malaysia pioneered the use of Free Trade Zones, the first of which was opened in 1972 at Bayan Lepas on Penang Island. The zones sought to attract foreign investment by providing low labour costs, good infrastructure, tax exemptions, and duty free status. Foreign investors in labour-intensive sectors such as textiles, garments, and electronics flocked in, and by the early 1980s they were employing more than 80 000 people (Henley and van Donge).

These policies, when combined with growing revenues from oil, helped keep development on track. Annual GDP growth averaged 7.65% between 1970 and 1976, the year in which Prime Minister Razak died. In keeping with UMNO tradition, Razak was succeeded by deputy-PM Hussein Onn. Onn subsequently appointed Mahathir Mohamad, who had been readmitted to the party by Razak, as deputy-PM. Economic growth continued, averaging over 8% between 1976 and 1981. However, the tradition of unquestioning obedience to the leader began to be subjected to unprecedented strain. Hussein was a sick man, and in 1978 his party post was contested by one Sulaiman Palestin. Palestin, a member of the party rank and file, had no hope of winning and was undoubtedly being used as a stalking horse by Onn's rivals (Singh 1998, 246), probably Mahathir. In 1981 Onn resigned, to be succeeded by the latter.

With Mahathir at the helm, Malaysia's experience of high growth with succession came to an end. An economic nationalist, Mahathir believed that Malaysia needed to accelerate the pace of technological development, and launched an ambitious policy of industrial transformation, ploughing resources into projects such as the Perwaja Trengannu steel complex and the Proton car, not to mention transforming the Kuala Lumpur skyline through a series of grandiose architectural projects (Wain 2012). Between 1981 and 1984 growth was fairly strong at 6.7%, but then in 1985 it plunged to -1.1%, and did not regain a +7% average until 1988.

In 1987 Mahathir was subject to a vigorous internal leadership challenge, which led to the splitting of the party and the creation of Mahathir's new UMNO-Baru. Nevertheless oil money continued to flow and Malaysia continued to be an attractive destination for foreign investment. Growth averaged 9.3% 1988 to 1997. Real or imagined challenges to Mahathir's leadership continued, however. In 1997, in the midst of the East Asian financial crisis, Mahathir moved against his deputy-PM Anwar Ibrahim, removing him from power in ugly circumstances. The effect on growth seems to have been negligible, however. It recovered rapidly following the Asian financial crisis, to 6% and 8% in 1999 and 2000 respectively, and by 2003 an ascendant Mahathir was able to hand power, at age 78, to his hand-picked successor, Abdallah Badawi. The succession, however, was not particularly smooth, for within a few months Badawi was making efforts to distance himself from Mahathir's legacy, to which the latter reacted strongly. There ensued a long struggle for power within UMNO which eventually led to Badawi's resignation in 2009, whereupon he was replaced by Najib Razak, son of Tun Abdul Razak and another Mahathir protégé. Across the span of Badawi's rule, economic growth averaged just 4.77%.

Vietnam

At the beginning of the Christian era, the people we now call Vietnamese, who make up around 75% of Vietnam's inhabitants, occupied Tongking (the Red and Black River delta areas) and the upper Annam Coast. Over the ensuing centuries they pushed south, but until the 10th century AD, most of Annam remained occupied by China. When the T'ang dynasty collapsed in 907, the Vietnamese were finally able to assert their independence (Hall 1981, 215). This was a tenuous affair, however, as for centuries the territory was plagued by dynastic struggles, rebellions, and incursions by the Chinese. By the 18th century the country was at peace: the Trinh family, who had inherited a sophisticated administration from the Chinese, dominated the North and the Nguyen family the South (Hall 1981, 442). More warfare was to come, but by 1802 Nguyen Anh had united the country and formed a capital at Hue (Hall 1981, 455). In 1859 it fell under French control, as did Hanoi in 1882. The French governed for another sixty years, before facing an all-out assault from Ho Chi Minh's communists during and after World War 2. Ho's Viet Minh rejected France's independence settlement, and in 1956 the country was divided into North and South. The French Indo-Chinese war morphed into the American Vietnamese War, and it was not until 1975 that the two Vietnams were reunited.

In the first ten years of independence, Vietnam stagnated under a command system, but in the past two decades it has emerged as one of the world's most dynamic economies, growing at 7.32% per annum between 1989 and 2010. Income per capita has expanded 350% over this period, and poverty has fallen dramatically (van Arkadie and Mallon 2003). It has also undergone more than one political succession. Since the death of Ho Chi Minh in 1969, executive power in Vietnam has been shared between a troika of the Secretary-General of the Communist Party, the President, and the Prime Minister. In 1997, this troika was replaced by another. Then in 2001 Secretary General Kha Phieu was replaced before completing his five-year term. There were further changes in 2006 and 2008, yet throughout this time, high growth was maintained. In this section we show how agricultural development, openness to foreign investment, export competitiveness and a tradition of party consensus have made this possible.

Prior to 1976 the political legitimacy of the Vietnamese Communist Party rested on its promise to re-unite Northern and Southern sections of the country. With the end of the Vietnamese war and the accomplishment of that objective, the party began to stake its claims to authority on promises of economic development instead. Unfortunately it was unable to fulfil these promises in the first decade of reunification as the collectivized economy stagnated. Consequently, in the mid-1980s, the country embarked on a process of *doi moi* or economic reform (van Arkadie and Mallon 2003). The government did away with central planning, reduced price distortions, encouraged regional integration, opened up to foreign investment, and encouraged private sector development (Han and Baumgarte 2000). Gradually, institutions to manage macro-economic stability were built (van Arkadie and Mallon 2003, 92-96). The results have been fairly spectacular. In agriculture, the country has been transformed from a net importer of rice to the world's third biggest rice exporter; it is also the world's biggest exporter of coffee and a major exporter of rubber, cashew, tea, pepper, and fish-farming products; in addition it produces maize, cotton, soy, sugar cane and dairy products for the home market. In the industrial sector, both heavy and light industry showed double digit annual growth rates in the 1990s, and the amount of FDI increased from around \$100 million in 1989 to \$6.6 billion in 1995 (Han and Baumgarte 2000).

The background to growth has been provided by a number of factors. The country has relatively equitable land distribution and much of its arable land is suitable for irrigation, making it amenable to the application of high-yielding technologies, and it has strong rural infrastructure and extension services provided by a mixture of public and private actors (van Arkadie and Dinh 2004). In the pre-reform period there was significant investment in human capital development, especially secondary and technical education. Vietnam developed a robust capability in intermediate technology, cheaply producing appropriate goods for the domestic low-income market, later adapting to the more demanding standards of export markets. Strong human capital made Vietnamese receptive to technical change and the economic opportunities of the reform period (van Arkadie and Mallon 2003). Certain areas of the state are highly technocratic and served by a quite impressive research capacity. The country has undergone a demographic transition (van Arkadie and Dinh 2004). It is said by some writers to have a strong entrepreneurial tradition (van Arkadie and Dinh 2004, 19). In addition, it is part of one of the fastest growing regions of the world (van Arkadie and Dinh 2004). Abuza reports that Asian countries provided 70% of foreign investment and consumed 60% of Vietnam's exports (Abuza 2001). Finally, Vietnam has oil, which came on stream in the early 1990s (van Arkadie and Mallon 2003, 83).

In addition, the country has had a political and policy environment that has encouraged growth, although in unconventional ways. To begin with, much of the growth has come not from private, but from state-owned enterprises. Second, growth has occurred in a context where property rights have been poorly defined, where state-business patron-client ties are the norm, and where petty corruption, bureaucratic encumbrances and red tape are rife (Abuza 2001; van Arkadie and Dinh 2004; Gainsborough 2002; Painter 2005, 268).

Vietnam is a one-party state. The Communist Party is its most powerful political institution, setting the general direction of policy, nominating most candidates for government positions, and ensuring policy is carried out. Every five years its National Congress elects a Central Committee, which on the advice of the Politburo—the top leadership's inner core—selects a General Secretary. Until recently, the Congress and the Central Committee have been *de facto* subservient to the Politburo, though there are signs that this is beginning to change (Abuza 2001; Porter 1993).

The highest state authority, meanwhile, is the popularly elected National Assembly, which has recently grown into something more than the rubber stamp it was previously (van Arkadie and Mallon 2003). The National Assembly selects the Council of Ministers, which is the state's key policy-making organ, and appoints the President of the Republic. The President appoints the Prime Minister, who also chairs the Council of Ministers, with the consent of the National Assembly.

Political succession was a profound problem in the early days of some other communist states, notably the Soviet Union and China. Mindful of this, Ho Chi Minh 'firmly established the principle of collective leadership within the Party Politburo' prior to his death in 1969 (Porter 1993, 104). There was no power struggle after his death, merely a more formal type of collective leadership. Under Ho's influence the entire first generation of party leaders had come to regard any attempt by an individual to accumulate predominant power as illegitimate; by convention, no leader can accumulate the post both of secretary general of the party and a top government position (Porter 1993, 105).

When the time came for Ho's successors to hand over power, there was slightly more controversy. It was agreed as early as 1973 that a gradual and orderly phase-out of elder leaders would be desirable, but the process proved to be extremely drawn out. It was not until 1986 that the first generation began to properly vacate the Politburo, and even then, they retained extraordinary powers, such as the ability to intervene on 'important questions' (Porter

1993). Again in June 1996, none of the ruling troika, General Secretary Do Muoi, President Le Duc Anh or Prime Minister Vo Van Kiet, was willing to retire without concurring moves by the other two. However, under intense pressure from the Central Committee, Do Muoi did retire at a mid-term Congress in December 1997, followed by Le Duc Anh and Vo Van Kiet in the autumn of 1998.

Do Muoi was replaced by Le Kha Phieu, said to be a compromise candidate between conservative and reformist wings of the Party. For various reasons Phieu never established himself as a popular General Secretary. One was the revelation that he had arranged for the security services to tap the phones of his fellow Politburo members. Another was the suspicion that he had ambitions on the State Presidency as well as the General Secretary's post (Abuza 2001, 13). In addition, he attempted to abolish the position of 'Advisor to the Central Committee', in which role the former troika of Do Muoi, Le Duc Anh and Vo Van Kiet continued to exercise political influence. Thus it was that in 2001 he was removed by a vote of the Central Committee only three years into his five year term (Abuza 2001).

His successor was 55-year old Nong Duc Manh, a former head of the National Assembly with a wide network among both central and provincial level leaders. Although a reformer, he had a reputation for governing through consensus (Abuza 2001, 20). Manh was re-elected by the Central Committee in 2006 (Thayer 2007), and in the same year President Tran Duc Luong and Prime Minister Phan Van Khai retired from the Politburo, leaving in their stead 'a younger, more reform-minded group' (Thayer 2007, 385). Later that year Nguyen Minh Triet was elected President and the 56-year old Nguyen Tan Dung, Triet's choice, elected Prime Minister. Nong Duc Manh himself was replaced as Party Secretary-General by Vu Trong Kim in 2008.

Carl Thayer has argued that, 'the role of the secretary-general had over the years changed from being a strongman to "Confucian referee" between rival factions of the party and the most important requirements were patience and diplomatic skills' (cited in Guan 2002, 346). Porter notes that policy-making in Vietnam has been described as 'a balanced tension between opposing views' (Porter 1993, 116). While Abuza goes further to describe the deliberate degree of 'gridlock' built into the system (Abuza 2001, 2). For van Arkadie, 'The system of decision-making through consensus building and balancing interests (e.g., regional and organisational—party, army, and State) has sometimes delayed change, but by the same token reforms have been built on a pragmatic response to problems and, in terms of contemporary jargon, have been nationally "owned"' (van Arkadie and Dinh 2004, 24).

Vietnam's excellent record of economic growth attests to the ability of these institutions to provide reassurance to investors, even where formal protections, and representative institutions of the multi-party variety, are weak or non-existent. In recent months the Vietnamese economy has come under increasing strain, and the party has responded, not by opening the party system, but by making party officials subject to annual recall by the National Assembly.[7]

Laos

The Lao People's Democratic Republic is another state that entered independence pursuing unsuccessful socialist economic policies, but which has recently begun to grow rapidly in the context of economic reform. Today it is described as, 'an authoritarian one-party state, in which the Party presides over a relatively free market economy' (Stuart-Fox 2005, 12).

[7] 'Officials to face yearly vote of confidence', *The Phnom Penh Post*, 26 November 2012

Between 1999 and 2010, the country maintained a high annual growth rate of 7%, a feat achieved notwithstanding a transfer of power from President Khamtay Siphandon to Vice-President Lt. General Choummaly Sayasone, in 2006.

The Lao-PDR has its roots in the kingdom of Luang Prabang, founded in the Upper Mekong in 1353 from a collection of smaller Laos states. It expanded to become one of the largest states in Indo-China, but was unable to maintain hegemony for long. Its fortunes waxed and waned with dynastic disputes and neighbourhood wars, including with its nearby rival at Vientiane. By the late 19th century Laos had lost its identity as a kingdom and come under French control. The Protectorate was occupied by Japanese forces during World War II, and although the French resumed control in 1946, Laos became fully independent a decade later. The transition soon led to civil war, however, as the royal government came under attack from the pro-communist Pathet Lao, which, like its Vietnamese counterpart, had its roots in Ho Chi Minh's Indochinese Communist Party (Hall 1981). After becoming embroiled in the Vietnamese war and suffering heavy American bombing, the communists finally seized power in 1975. The Lao People's Democratic Republic was proclaimed, with the Lao People's Revolutionary Party (LPRP) the sole legal political party.

The Party's leadership fell into two main groups: those of aristocratic birth or with other ties to leading families of the former regime, including President Suphanuvong; and those of humbler origin who had directed the guerrilla war in conjunction with the Vietnamese, including Party-Secretary General Kaison Phomvihan, and his deputy Nuhak Phumsavan. Despite this broad faultline, 'What was remarkable about this leadership was its longevity and cohensiveness. Purges and demotions had occurred, but without causing irreparable divisions in the Party' (Stuart-Fox 1997, 171). Most party leaders are ethnically Lao, a group which makes up about 50% of the population, but because the war was organized from within ethnic minority areas, smaller groups had an opportunity to be absorbed. Ethnic geography remains potentially explosive, however, and most of the Lao counterrevolutionary guerrilla groups have had an ethnic base (see below).

Economic policy initially consisted in bringing about a transition to socialism through cooperativization in agriculture and the creation of state firms in industry. But with so few trained personnel, and resentment of the policies in the countryside, the results were unfortunate. The situation was not helped by small-scale insurgencies that continued to be an irritant to the regime. By the early 1980s even the Soviets and Vietnamese were urging a change of course. Thus was initiated an ideological struggle in the party known as the 'two lines' debate, which by 1985 had broken into the open. In reality, this was a struggle over economic power: between those, led by Secretary-General Kaison, who desired more reform and more efficiency, and those, represented by his deputy Nuhak, who benefited from the existing system of controls (and the rent-earning opportunities they afforded). Kaison ultimately prevailed, and the Fourth Party Congress of 1986 accordingly endorsed the 'New Economic Mechanism' and an unpublicized shake-up of the bureaucracy, bringing in younger and better educated personnel, especially in the economic ministries (Stuart-Fox 1997, 197).

At the Party's Fifth Congress, in 1991, Suphanavong, who had always been a largely ceremonial President, stood down. Kaison added this post to his party leadership role. The powers of the Presidency were subsequently increased, while the role of the National Assembly was downgraded. Defence Minister Khamtay Siphandon was promoted to third position in the Politburo, making him the heir apparent should either Kaison or Nuhak step down, and in August he became Prime Minister. When Kaison died in 1992, his two powerful positions were shared between Nuhak (as State President) and Khamtay (as General Secretary) (Stuart-Fox 1997, 203). When Nuhak retired in 1998, Khamtay added the Head of

State's role (Stuart-Fox 1997, 207). 2001 saw the appointment of Deputy PM and Defence Minister Choummaly Sayasone as Vice President (Freeman 2002). In 2006 Khamtay stepped down, to be replaced by Choummaly. Bouasone Bouphavanh, another Khamtay protégé jumped a few ranks to become Prime Minister.

According to Stuart-Fox, the succession had been preceded by much speculation, rumour, and jockeying for position. Nevertheless, there was widespread agreement over key policy issues, 'These were, broadly, that the country should continue to pursue an open market economy and to attract foreign direct investment to develop industry and resources; that it should continue to accept foreign aid from all willing donors; and that it should carefully balance its relations not just between Vietnam and China, but also with Thailand and other ASEAN states, and with Japan and the West' (Stuart-Fox 2007, 161). Politicking was not about policy, but about the protection of political interests, in particular access to patronage networks (Stuart-Fox 2007, 162):

> 'In Laos today much political activity focuses on balancing political forces within the Party, between cautious reformers and stubborn conservatives, between centrists and provincial interests, between the government and the military, and most of all between competing influential political patronage networks […] Economic growth is not an end in itself, but is seen as legitimizing the rule of the party' (Stuart-Fox 2005, 39).

Bounnyang Vorachit, a former PM and representative of Nouhak's central Laos patronage network became vice-President. Meeting later, the National Assembly elected Bouasone, another Khamtay protégé as prime minister.

In 2009 Stuart-Fox was reporting that the LPRP was, 'in danger of becoming little more than the political arena within which jealous personal and regional interests compete for power and wealth' (Stuart-Fox 2009, 161). And yet the economy continued to grow. Foreign investment from China, Vietnam and elsewhere was flooding into Laos, more than half of it in power generation (especially hydropower) (Stuart-Fox 2009, 155). By 2012 Christopher Roberts reported that Laos was a more mature and robust state. Economic indicators and foreign relations were good, and there were no strong leadership challenges. The country was now a lower-middle income country, with a better HDI index than Cambodia, Timor-Leste, or Myanmar, and looked set to achieve several MDGs by 2012. Despite some ongoing challenges in the investment climate, there was heavy investment in mining, hydropower, and transport, and also significant growth in manufacturing and tourism (Roberts 2012, 156).

Six months before the end of his term, in late 2010, Prime Minister Bouasone resigned for family reasons, but there was speculation that it was because he lacked support in the party. He was replaced by National Assembly President Thongsing Thammavong. Like in Vietnam, the LPRP has proven itself able both to implement regular leadership changes, and to force unpopular leaders to resign ahead of time. A tradition of consensus and power-balancing appears to have boded well for the credible commitments that facilitate economic growth.

Mozambique

Another country that has achieved the combination of succession with growth, and which also has a socialist-inspired ruling party, is Mozambique. Mozambique acquired independence from Portugal in 1975, following an eleven- year military struggle by the Marxist-Leninist, Front for the Liberation of Mozambique (FRELIMO). Thanks to the unpopularity of its socialist policies in some parts of the country, together with external aggression from South Africa, the new regime soon found itself fighting a savage civil war against the Mozambican National

Resistance (RENAMO). An end to the war was finally brokered in 1992, and multi-party elections, which FRELIMO won convincingly, followed in 1994. Since that time Mozambique has been one of Africa's star economic performers, growing between 1997 and 2010 at 7.83% per annum. In the midst of that period President Joaquim Chissano was succeeded by Armando Guebuza, with no discernible impact on growth. To appreciate how this has been achieved, it is helpful to examine an earlier period of FRELIMO history in which a tradition of party unity and orderly succession was established.

Since its creation in 1962, FRELIMO has experienced three changes in leadership. The first came in 1969, when Eduardo Mondlane, Frelimo's founding president, was killed by a parcel bomb in Dar es Salaam (Munslow 1988, 24). At the time there were no clear rules governing the succession, but Vice-President Uria T. Simango, keen to assume the Presidency, quickly arranged a meeting of the party Executive Committee in which he was granted his wish. This move was opposed by a leftist wing of the party, most of whose leaders were in the field at the time of the assassination. When the two factions came together at a Central Committee meeting later that year, a presidential council was formed that represented a triumvirate of Simango, Samora Machel (head of the army) and Marcelino dos Santos (the party's leading revolutionary intellectual) (Munslow 1988, 24). Machel and dos Santos argued that succession was not automatic. Isolated, Simango was expelled from the party at a Central Committee meeting the following year, and Machel was declared President (Munslow 1988, 25). Following independence, the post of Vice-President of the Republic was abolished deliberately to preclude the possibility of an automatic succession (Munslow 1988).

The death of Mondlane supplied a precedent for FRELIMO's second leadership transition, which occurred after Machel himself was killed in a plane crash in 1986. No struggle for power ensued; instead, Foreign Minister Joaquim Chissano ascended smoothly to the Presidency. Chissano, although listed only third in the political hierarchy, was a natural choice for successor: he was a former secretary to Eduardo Mondlane, had worked closely with Machel in Frelimo's training camp in Tanzania, and had been a popular Prime Minister in the transitional government that followed the Lusaka Peace Accords. Frelimo's number two, meanwhile, was Marcelino dos Santos, who had no ambitions on power (Munslow 1988, 25-26). Upon news of Machel's death the Political Bureau, acting in lieu of the Central Committee, met to arrange the funeral, and then to nominate Chissano as President: 'In a formal sense there was no prior established line of succession. This precedent was established during the leadership crisis of 1969 and underlined when the vice-presidency was abolished' (Munslow 1988, 27). The smoothness of the succession, according to Munslow, is a function of the collective leadership that has developed in FRELIMO. This, according to Joseph Hanlon, derives from three factors: 'a strong commitment to consensus; a tendency to institutionalize conflicts and keep them within the party and ministries; and finally, the careful use of cadres and a commitment to give them another chance should they fail in one particular position' (Munslow 1988, 28).

A further factor facilitating unity at the top is the shared social and political background of the leadership. Ethnically, Mozambique has a social geography characterized by concentrated multipolarity, with ten ethnic clusters, the largest being the Makua-Lomwe group in the north, forming about 40% of the population, while south of the Zambezi, the main group is the Thonga, with about 27%; the Shona or Karanga about 9%, are also significant. However, Portuguese colonialism was unusual in Africa in creating an African elite defined by a distinct legal identity: the *assimilados*. Assimilados were a self-consciously different, indigenous petty-bourgeoisie, who formed a tiny minority of the wider African population (Sumich and Honwana 2007, 6). From this group, much of the Frelimo leadership was drawn:

> 'The creation of a social stratum that often came from similar social backgrounds and who owed their status and position to the revolution greatly increased internal cohesion amongst the top ranks of Frelimo […] The unity of the elite was also bolstered by intermarriage that connected leading militants on both an ideological level and on the level of kinship. The Frelimo ideological family was in many cases more than just a metaphor' (Sumich and Honwana 2007, 9).

FRELIMO came to power with a vision of high-modernist industrialization, but its attempts to create a planned economy in a largely peasant society were unsuccessful. By the early 1980s the large state sector built up in the early years of independence began to erode. By the mid-1980s, with the country suffering drought, war, and self-inflicted inefficiencies, many industries had collapsed, state farms were unproductive, and the country's staple exports of cotton, sugar, and cashew had plummeted; the country entered a severe balance of payments and debt crisis (Pitcher 2002, 102-106). By the late 1980s, the government began to withdraw credit from loss-making enterprises and to court investment from the West, loosening restrictions on private trade, and carrying out some redistribution of state land to private farmers, both large and small. The 1990 constitution omitted any mention of 'socialism' (Pitcher 2002, 124), and a privatization programme gathered pace. Between 1990 and 2000, the Mozambican government sold about 1,000 small, medium, and large-scale enterprises to a combination of national and international investors often in joint-venture form (Pitcher 2002).

Between 1993 and 1997, the economy grew at over 7% a year, much of which can be accounted for by a peace dividend following the 1992 Lusaka Accords. However, growth has continued at high levels since then, much of it accounted for by high and increasing levels of foreign aid, and foreign direct investment, especially in 'mega-projects' in the energy, minerals, and gas sectors, including two huge aluminium smelting projects, a titanium dioxide mining and processing project, plus exploration of gas and oil (Pitcher 2012). Communications, trade, and tourism have also grown, and there has been progress in the sugar sector (Buur et al. 2012). In all these sectors, political clientelism has loomed large. According to Pitcher, 'the government used privatization to reinvigorate the networks that formed the constitutive elements of the ruling party' (Pitcher 2012, 4630) a process she labels as 'partisan private sector development' (Pitcher 2012, 4813).

Throughout this process, and in spite of effectively abandoning its ideological commitment to socialism, party unity has been maintained, and domination of the political system by FRELIMO has actually increased. Tensions within the party are muted by, 'an intriguingly enduring sense of mutual loyalty' and an 'endeavor to ensure that […] differences do not jeopardise the basic internal cohesion and sense of unity that has been Frelimo's hallmark' (Sumich and Honwana 2007, 18). Pitcher echoes this when she argues that 'Frelimo brought the discipline garnered from years of combat during the liberation struggle and the civil conflict into the era of multiparty democracy' (Pitcher 2012, 4975). Calling it 'a skilled, experienced party where internal disagreements rarely became public […] As with many former liberation movements in Africa, the foundation of loyalty to the party for the longest serving members was grounded in a shared history of colonial oppression and armed struggle for independence' (Pitcher 2012, 4975).

Thus it was that Mozambique was able to secure another smooth transition in leadership in 2004. In 2002 Chissano had announced that he would not stand for a third term, and Armando Guebuza was made party Secretary General and Presidential nominee at a 'tense' party congress. Formerly Guebuza has served as a FRELIMO general, Interior Minister and right hand man to Samora Machel, and leader of the Party in parliament. He is known to have extensive business interests, to be one of the wealthiest men in Mozambique, and to be one of the most popular members of the party. Asked before elections if he would govern differently from Joaquim Chissano, he stressed that as they were both 'from FRELIMO, we have the same philosophy, we share the same values of party organization, of thinking about the country in a collective way, of consultation, and of freedom of expression' (Mosse 2004, 82). He was duly returned with a large majority (on a small turnout), and was inaugurated President of the Republic on 2 February 2005; a month later, Chissano also gave up his party presidential role. Despite his earlier words, Guebuza quickly made extensive changes to Cabinet, which raised fears among donors about the qualifications and experience of some of the new leadership (Africa South of the Sahara 2007). Nevertheless, economic growth has proceeded apace, and party unity has been maintained: 'Although they exist, factions within the party have been tightly controlled. Under the leadership of President Guebuza, the ruling party has redoubled its efforts to revive and extend its base and to use the state to provide club goods to supporters and to deliver selected public goods to a larger population (Pitcher 2012, 5469). In Presidential elections in 2009, he won by a landslide (Pitcher 2012).

Thailand

Thailand has also been one of the world's fastest growing economies, expanding by more than 7% a year between 1961 and 1998. It has successfully transformed itself from an agrarian economy heavily dependent on rice, to an export-led economy combining agriculture, agro-industry, manufacturing and services (Doner 2009, 999). GDP per capita has expanded many times over, and the proportion of the Thai population living below the poverty line fell from 57% to 11.4% between 1962 and 1996 (Doner 2009, 1146).

Interestingly, this growth has occurred in spite of there being more than 15 cases of political succession during that period,[8] some peaceful some violent, encompassing transitions between both military and civilian regimes. In Case's words, 'Thailand's political record has been characterized by instability, punctuated by military and executive coups, counter-coups, popular upsurges in the capital, and communist uprisings in the rural areas' (Case 2002, 150). Thailand seems then to present a different pattern to our previous four cases, and a challenge to the idea that orderliness and predictability is required for high levels of capitalist investment. In fact, a closer look at the Thai system shows that orderliness and predictability, if not provided by the political system, can in certain circumstances be found in other sources, in this case, a strong and well-institutionalized bureaucracy.

Thailand today has its origins in a collection of tiny states that emerged in the upper Menam Valley in the early twelfth century. In the thirteenth century, as the great empires of neighbouring Cambodia and Burma began to wane, these states expanded. In 1350 Ayut'ia was founded, and the territory over which it held sway became known as Siam. In 1767 Ayut'ia was completely destroyed by a resurgent Burma, and a new capital founded at Bangkok. In 1782, General Chakri was elevated to the throne as Rama T'ibodi, or Rama I—the founder of Thailand's current ruling dynasty.

By the early 19th century Siam was more powerful than ever before, and yet the country was under constant threat of European encroachment (Hall 1981, 487). In 1855 King Mongkut concluded a Treaty of Commerce and Friendship with Britain (Hall 1981, 708). Mongkut had a policy of employing Europeans in his administration, many of whom became heads of departments; he promoted the digging of canals, construction of roads, ship-building, coin

[8] The precise number is rather difficult to calculate, since some periods are characterised by transitional collective leadership, some individuals rule under both civilian and military guises, and some have ruled on more than one occasion.

minting, and the teaching of foreign languages. His son, Chulalongkorn, accelerated the modernizing drive, helping, among other things, to develop an independent yeoman peasantry (Hall 1981, 713-4). Siam meanwhile became a buffer between French and British interests in the region. Chulalongkorn was succeeded in 1910 by his son Prince Maha Vajiravudh. Much impressed by Japan, he continued to push on with modernization, with judicious inputs of western expertise; but he was a financially profligate ruler. In 1925 he was succeeded by his youngest brother, Prince Prajadhipok, who faced the problem of clearing up the financial mess. Unfortunately, his budget-balancing measures fed discontent among the middle classes, leading to a bloodless revolution in 1932, which established a party dictatorship and constitutional monarchy.

The coup was engineered by Pridi Banomyong, a brilliant lawyer with strong middle class support. Subsequently members of this class were able to populate top bureaucratic positions previously filled by aristocrats, while institutions like the National Defense College fostered social ties between the military and bureaucrats. Politics proved unstable, however, and in 1938 army leader and ultra-nationalist Phibun Songgram took power. There was a brief democratic interlude following the war, but by 1947 Phibun was back in power. He succeeded in gaining an electoral mandate in 1948, which led in 1955 to a more genuine democratic opening; but the chaos that ensued precipitated another bloodless coup in 1958, this one bringing Field Marshal Sarit to power. This is where the story of Thailand's recent growth begins.

Acting on advice from the World Bank, Sarit reorganized the economic ministries, leaving decision making 'in the hands of a small group of elite bureaucrats' (Laotamatas 1988, 451; Raquiza 2012, 61). 'The government's main goal was fostering continuous economic growth while maintaining monetary stability. The regime unified the exchange rate, limited the size of the fiscal deficit and external borrowing, prohibited state guarantees of private debt, and refrained from establishing new government enterprises' (Doner 2009, 3006). The institutions behind this were the Budget Bureau, the Office of Fiscal Policy in the Ministry of Finance, the Bank of Thailand and the NESDB, which set ceilings for budget expenditures that, thanks to the budget law, could not be changed by politicians (E. Jansen 2009, 359). Another important institution was the Board of Investment, an autonomous agency that made investment policy and allocated investment incentives (Raquiza 2012, 53).[9] Insulated from politicians, the technocrats formulated a series of five-year development plans. The first concentrated on infrastructural development, a second was service and social service sector led, while the third and fourth plans concentrated on industrial development (Raquiza 2012, 63).

Prior to the 1960s, the Thai elite had pursued accumulation through state companies, party companies, and taking seats on the boards of major Sino-Thai businesses, including banks (McVey 1992; Raquiza 2012, 58; Suehiro 1992, 47). Under Sarit there was a change of emphasis. Many of the state-owned enterprises that formed his predecessors' power base were dismantled, signaling a greater role for private business in the economy. Special attention was given to agriculture, in part a result of fears of rural communism. 'Intensive state investment in roads opened up all parts of the country to commercial farming and investment in irrigation expanded the irrigated area. The taxation of rice helped to bring about the diversification into other export crops. Banks were obliged to reserve a part of their credit for agricultural/rural activities, which ensured the availability of private sector funds to invest in

9 Doner is less impressed by the BOI, seeing it as one of the weaker arms of Thailand's development structure. For him, corporatist linkages between commercial banks and key public agencies were key (Doner 2009, 3068).

agriculture and agro-business' (K. Jansen 2001, 358).[10] Chinese-owned businesses were encouraged to move into banking, agribusiness, mining, rubber, rice, tapioca and tin. Under subsequent regimes they got into food processing, consumer goods manufacture, textiles and simple appliances (Case 2002, 156; K. Jansen 2001, 354).

Sarit died in 1963, but his regime was perpetuated for a decade more by his successor, Field Marshal Thanom Kitikkachorn. Between 1961 and 1970, growth averaged over 8% on the back of agricultural exports, import substitution, and partnerships with foreign capital; large agro-business and industrial conglomerates emerged and business confidence soared (Case 2002; Doner 2009). But in 1971-72, growth fell to less than 5%: 'there was now a hint of uncertainty, with domestic markets nearing saturation and international currency systems unsettled by the break up of the Bretton Woods system […] business pondered democratization as a way of freeing itself from military board members and rent payments (Case 2002, 171). Three parties of note emerged in the 1970s: the Democratic Party (founded as early as 1945) fusing royalist sentiments with the Bangkok business elite, the Social Action Party, with a similar social base, and *Chart Thai*, a party of military and bureaucratic elites that, marginalized by Sarit, had sought their fortunes in private business (Case 2002, 158). Simultaneously, student activism began to grow, and in 1973 students demonstrating against military rule clashed with riot police near Thammasat University, leaving more than 100 dead (Case 2002, 171). Field Marshal Thanom resigned, and the King brokered the creation of a democratic constitution.

Elections for the national assembly took place in 1975. Although the Democrats emerged as the largest party, they were unable to form a government. Instead, the SAP formed a cabinet under Kukrit Pramoj. Lacking a social base, Kukrit began to make a series of populist appeals that alienated other Thai elites, including big business. Elements in the army and bureaucracy collaborated in waging a reign of terror against leftist elements, and even the Prime Minister's house was attacked. With his coalition in pieces, Kukrit called an election in 1976, which the Democrats won. However, the subsequent government was mired in factionalism, and after another mass demonstration and killing at Thammasat in October 1976, it too fell to a coup.

Not until 1978, with the introduction of a semi-democratic constitution, was some stability restored. The new constitution, 'safeguarded the interests of military and bureaucratic elites, yet accommodated business. And while limiting civil liberties, it permitted some elections' (Case 2002, 173). Under this dispensation, General Prem Tinsulanond stood above the political fray, surviving a succession of coup attempts and changes in Cabinet. He used his tenure to bring technocrats even more to the fore, 'fashioning Thailand's tariff walls into a more coherent policy of import substitution, thus gradually nurturing dynamic new exporting manufacturers' (Case 2002, 155). Business was granted a direct line to government through the Joint Public and Private Sector Consultative Committee (Case 2002, 173; Laotamatas 1988). As in Malaysia and Indonesia, these changes allowed Thailand to take advantage of a massive appreciation in the Japanese yen and attract Japanese export industries (E. Jansen 2009, 360). By the end of the century, Thailand was a major garment supplier, one of the world's largest exporters of disk drives and Southeast Asia's largest auto exporter (Doner 2009, 1045).

One of the most remarkable features of the Thai experience is that factional conflicts within the military have rarely involved bloodshed, and never civil war. Successive Thai rulers have emphasized the integrating themes of Nation, Religion, and Monarchy (Case 2002, 166),

[10] Elsewhere in the same article Jansen claims that investment and productivity gains in agriculture have been unimpressive, as has investment in infrastructure and R&D (Jansen 2009, 351-2, 361). A surplus has even been drained from agriculture to finance industry (ibid., 351-2. See also Doner 2009, 1158).

while Jansen notes the importance of a ruling class tradition: 'the elite has been running Thailand for a long time and has a sense of pride at being a good ruler […] the military ruled as an institution […] the frequent personnel changes at the top prevented the creation of personal empires' (Case 2002, 361). In conclusion, 'Thailand has enjoyed an unusual political stability, despite the large number of coups and changes of government. Governments changed but the government programme and policy agenda remained the same' (E. Jansen 2009, 366). Meanwhile for Doner, 'Despite the fact that Thailand had 13 constitutions, 17 military coups and several mass riots between the establishment of the constitutional monarchy in 1932 and 1994, entrepreneurs operating in Thailand perceived property rights as being "predictably enforced" and economic policies remaining "foreseeable"' (Doner 2009, 1579).

During the 1980s, the country's political complexion began to change as parties were captured by provincial businessmen whose activities 'often shaded into gangland activities' (Case 2002, 157). They rapidly began to dominate the lower house of parliament[11] and after Prem resigned in 1988, to dominate Cabinet (Case 2002, 159). According to Case, 'these parties were less interested in limiting state power, rationalizing administration, and aggregating social aspirations, than in crudely seizing cabinet portfolios, pocketing state resources, then passing a cut to their *jao pho* [godfathers] and canvassers in the provinces' (Case 2002, 175; K. Jansen 2001, 356). The JPPCC was abandoned, while many permanent civil servants and provincial officials were transferred or retired; even the Bank of Thailand was cronyised, while the NESDB was marginalized. Although high growth continued, technocratic autonomy was gradually being eroded: 'During the 1990s, finally, the technocrats were eclipsed by the rent-seekers, helping plunge the country into economic crisis and regenerating bureaucratic tensions' (Case 2002, 155; Doner 2009, 1479; E. Jansen 2009, 360).

The early 1990s witnessed a succession of civilian governments, sometimes headed by former military men, come and go. Party unity was almost impossible to maintain, and parliamentary censure motions designed to bring government down, became 'an annualized ritual' (Case 2002, 160). In 1997, the country's accumulated economic problems erupted in a currency crisis that helped destabilize the entire region. Growth turned negative, then the economy contracted by 10% the following year. General Chavalit's NAP-led coalition was forced from power, to be replaced by a Democrat-led coalition. Remarkably, this government survived a no-confidence motion in mid-1998, and governed until the end of its constitutional term—the first Thai government in history to have done so. Elections in 2001 brought Thaksin Shinawatra's Thai Rak Thai party into power.

After the 1997 crisis, growth recovered quickly, but it has never regained its pre-crisis levels. Problems appear to be twofold: one concerns structural weaknesses in the Thai economy, namely a 'nutcracker' squeeze between more advanced countries that, unlike Thailand, produce their own technology, and less developed countries that have lower wages (Doner 2009, 439); the other, conceivably, is a loss of investor confidence as political conflicts between metropolitan and provincial capital have grown, with the bureaucracy losing some of its previous autonomy.

[11] At the same time a class of 'new capitalists', with their base in the stock market, real estate, and telecommunications, and who lacked ties to established elites, was emerging (Case 2002, 157).

Cameroon

Cameroon is the last of our countries to have combined high growth with political succession. Between 1974 and 1987, it grew at 7.7% per year, in spite of President Ahmadou Ahidjo handing power to his Prime Minister, Paul Biya, in 1982. However, as we shall see in the paragraphs below, growth fell thereafter, and Cameroon actually has more of the characteristics of an unsustainable growth regime than a sustainable one.

Modern Cameroon was formed from a merger of French Cameroun, which gained independence from France in 1960, and the Southern Cameroons, granted independence from Britain in 1961. Independence coincided with a regional rebellion, ruthlessly suppressed by Ahidjo (Anonymous 1984, B341). The new President then set about building a structure of ethnic and social balance: the Beti dominated administration, the Bamileke dominated trade, and Ahidjo's northern group, and especially Ahidjo himself, dominated politics (Kobou et al. 2008, 573). Jackson and Rosberg describe him as 'a kind of African De Gaulle, with a taste for authority, a passion for national unity, and withal a modest style of life' (Jackson and Rosberg 1982, 155). He had successfully depoliticized the regime, appropriated the state, and become 'ruler-manager with the exclusive right to issue commands and give political instructions' (Jackson and Rosberg 1982, 153).

In the 1960s and early 1970s, economic policy was geared towards import-substitution industrialization via the control and taxation of peasant cocoa and coffee producers (Kobou et al. 2008, 564). Growth fluctuated, averaging a fairly paltry 2.55% between 1961 and 1973. But in 1978 there was an upturn in the country's economic fortunes as oil production came on stream. Unlike in some other oil-producing countries, this did not immediately destabilize the economy. Monetary and fiscal discipline was provided by Cameroon's membership of the CFA franc zone, while oil rents were managed through an offshore account at the personal discretion of the President. Kobou et al. (2008) claim that the President demonstrated some awareness of the need to grow the economy over the long term, even if considerations of patronage and regional stability weighed heavily in investment decisions. Funds were funneled to major green revolution, industrial and agro-industrial projects; banks were directed to fund priority projects at concessionary interest rates, while firms were highly protected:

> 'Ahidjo sought to improve productive capacity in order to raise the stock of wealth available to support his regime. He limited looting in order to create an environment in which some economic growth would take place. He created a controlled economy, with minimalist laws designed to protect property rights. These provided the ingredients of growth, but never created the social infrastructure of public goods necessary to increase productivity and foster long-term sustainable growth and development' (Kobou et al. 2008, 571).

In November 1982 Ahidjo announced his resignation. Although he had been suffering from ill-health that year, the announcement came as a complete surprise. Just two days later, his Prime Minister, 49-year old Paul Biya was sworn in.[12] Ahidjo remained as Chairman of the ruling UNC (Anonymous 1984, B341), however, and the status quo remained unchanged for some time (Kobou et al. 2008, 573). Problems began in June 1983 when Biya, without consultation, removed several of Ahidjo's former lieutenants from Cabinet. In July the former President left the country, and in August Biya announced the discovery of a plot against

[12] That said, Ahidjo had changed the constitution as early as 1979 in order to allow his Prime Minister, Biya, to succeed him (Hughes and May 1988, 15).

national security. Two days later, Ahidjo resigned as head of the UNC, shortly to be replaced by Biya (Schatzberg 2002, 61). However, the feud between the two men continued and Ahidjo and his alleged co-conspirators were tried *in absentia* and sentenced to death (later commuted to life imprisonment). In 1984, Biya survived a military coup organized by pro-Ahidjo elements (Schatzberg 2002, 61).

The failed coup stimulated a change in Biya's approach to government. According to Kobou et al, 'Biya's original political message of improving morality of public life, equity, honesty, and professionalism in public service was increasingly downplayed', as he turned to building an ethnically based political alliance instead (Kobou et al. 2008, 570). Cabinets became more and more a resource of ethnic patronage: between 1960 and 1982, Ahidjo's average Cabinet size was 26.9 ministers, but between 1983 and 2002, this swelled to 40.8 (Kobou et al. 2008, 574). Ministers were allowed to use their ethnic networks to create more than 30,000 low-skilled public sector jobs. Over the next few years the civil service roughly doubled in size as Biya sought to buttress his position by finding jobs for unemployed school and university graduates, especially from his base in southern Cameroon (Sandbrook 1993, 43). 'The proliferation of unnecessary positions created the problem of disguised unemployment in the administration, thereby undermining efficiency within the public sector and creating an important impediment to growth' (Kobou et al. 2008, 576). Moreover, Bamileke economic ascendancy was attacked by directing commercial loans to Biya supporters. In 1982 the insolvent debt ratio was 5.6%, by 1985 it was 13.7% and by 1988 37.7%.

In 1985 oil exports peaked at 16% of GDP, but the following year, that figure more than halved as the bottom fell out of the oil market. Difficulties were compounded by the fact that the CFA-zone, which had previously acted as a guarantor of economic stability, now represented an unhelpful strait-jacket (Kobou et al. 2008, 580). When combined with the inefficiencies introduced under Ahidjo and made worse by Biya, this spelled real problems for the economy. Growth turned negative in 1987, and steeply negative the following year. Between 1987 and 1994, the economy contracted at 3.8% a year, and GDP per capita tumbled from a high of $900 in 1987 to just over $500 in 1994.

As the economy sank and the ethnic balance engineered by Ahidjo fell apart, demands for a political opening increased. A widespread campaign of civil disobedience followed, the most virulent episode of which was 'Operation Ghost Towns', which saw demonstrations, voluntary business closures and mass revolts that lasted for eight months in 1990 (Kobou et al. 2008, 558). In spite of widespread unrest, Biya was able to secure re-election through reckless election spending and the manipulation of ethnic sentiments, and he has held power ever since. However, unlike Ahidjo before him, 'Biya's regime had no apparent long-term planning' and has been characterized by a 'winner-takes-all competition for rents' (Kobou et al. 2008, 573, 569, 579). Growth began to recover in 1995 but has remained insipid: between 1982 and 2010, it averaged just 2.3%.

5 Politically unsustainable high-growth regimes

Indonesia

Between 1972 and 1997, Indonesia grew at 7.2% per year, transforming the structure of the economy as agriculture, mining, timber, and oil, followed by manufactured exports, all boomed. This transformation served to lift more than 40 million people out of poverty, a record that no other nation had matched before that time (Henley 2010b). Indonesia's rapid growth was not to be sustained, however. The East Asian financial crisis of 1997 coincided with a long-gestating succession crisis, the regime fell, and high growth has never since been restored.

An archipelago of more than six thousand islands and numerous ethnic and religious groups, Indonesia was home to several great empires between the seventh and the sixteenth centuries, before falling under Dutch imperial control (Hall 1981). The Dutch East India Company developed the coffee trade, encouraged Chinese immigration, and subjected native producers to a forced cultivation system, a policy continued by the colonial government (Hall 1981, 365, 585-590). By the late 19th century, however, a more liberal spirit had taken hold and land was allocated to foreign private investors, which saw the expansion of sugar, oil, and coal industries (Hall 1981, 623-624). The early 20th century witnessed continued economic development, but the benefits were unevenly distributed. Nationalist movements began to emerge, and in 1927 Djipto Mangun Kusuma, leader of the Bandung Study Group, together with a young demagogue named Sukarno formed the Perserikatan National Indonesia (Hall 1981, 793-4).

The nationalists gained control of Indonesia during the War, but it was subsequently wrested back by the Dutch. In 1949, Dutch policy became one of granting independence with ‘good grace and liberality’ (Hall 1981, 895). Sukarno became president and Mr Mohammad Hatta, prime minister. The new state was plagued by crises, secessionist movements, and the threat of communism, however. In March 1957 Sukarno offered ‘Guided Democracy’ as a solution, ruling by decree and introducing radical plans for nationalization and industrialization. These were consistently undermined, however, by ‘the President’s preoccupation with balancing rival factions’ (Crouch 1979, 573). The economy entered a period of profound macro-imbalance: budget deficits exceeded total revenues, inflation turned into hyperinflation, and investment in industry ground to a halt. Just as in the worst performing post-colonial African states: ‘The predictability that Weber believed to be necessary for modern economic development was almost entirely lacking’ (Crouch 1979, 581). With the economy in disarray and political tension mounting daily, the army intervened in 1966 to crush a communist plot to take power; Sukarno was eased out of office and communist supporters massacred.

The new man in charge was General Suharto, an army officer of humble origins, who ascended to the position of President in 1967. For Suharto, ‘all the deteriorations that we experienced [before 1966] had their origins in the neglect of economic development’ (Elson 2001, 150); his reign was characterized accordingly by, ‘an unrelenting search for means to increase the wealth and prosperity of the mass of Indonesians’ (Elson 2001, 168). The strategy to accomplish this was twofold. Macroeconomic stability and planning was entrusted to a group of technocrats, nicknamed ‘the Berkeley mafia’, under Wijoyo Nitisastro, coordinating minister for Economics, Finance and Industry and head of Bappenas, the planning agency. The technocrats produced a series of five-year plans with a heavy emphasis on agricultural development. A second arm concentrated on the development of local industries and a political patronage base. This was handled primarily by Suharto’s close ally Ibnu Sutowo, placed in charge of Pertamina, the national oil company. Thus with Bappenas and Pertamina following different approaches, there emerged ‘a curious dualism in the economy’ (Elson 2001, 171).

The first five-year plan described the agricultural sector as ‘the central arena in which all efforts are concentrated and results expected’. According to Wijoyo, ‘Any effort to overcome the problems of the urban areas…will always be defeated if the rural areas are unable to solve the unemployment problem’ (Henley 2010a, 8-9). Rice self-sufficiency was declared as a national goal, and there followed massive public investments in rural infrastructure, extension services, and fertilizer subsidies, with rural credit extended through monolithic state banks.

Contemporaneously, Ibnu Sutowu was siphoning funds from Pertamina to fuel the New Order's industrial patronage machine (Elson 2001, 151). Military officers, their wives, brothers and cousins, together with the Suharto family itself, entered private business in conjunction with commercially skilled Indo-Chinese immigrants (Crouch 1979, 577). On the basis of credits from state banks, monopolies in trade, and large infrastructure and supply projects issued by government ministries and state agencies, new politico-business families and Chinese business conglomerates built huge commercial empires (Hadiz and Robison 2005, 224). More off-budget funds flowed through Suharto's 'charitable' foundations (Elson 2001, 193).

In the political sphere, Suharto reshaped the field, reducing the number of political parties to just three, and ensuring that all professed loyalty to the guiding vision of Pancasila and the 1945 Constitution (Elson 2001, 190) (Case 2002, 47). The President's own party was Golkar (Joint Secretariat of Functional Groups) which had been created by the army in the early 1960s (Case 2002, 34): 'it provided the structure of a state party without party politicians' (Elson 2001, 186).

Despite constraints on political expression, criticism of the regime began to grow. There were complaints about the army's role in administration, about the influence of Chinese and foreigners in business, and about the extent of corruption. Tensions boiled over in January 1974's Malari affair, when a visit by the Japanese Prime Minister was accompanied by widespread rioting. The crisis was used by Suharto as an opportunity to outmaneuver his rivals, notably security chief General Sumitro, and subsequently to introduce reforms to his personal staff: 'The result was a much more tightly narrowed structure of power at the apex of the New Order, in which Suharto asserted himself as the central manager' (Elson 2001, 208).

The Malari affair coincided with a steep rise in the price of oil. Subsequently, the oil boom helped Suharto cement his legitimacy by providing funds for the massive development of rural infrastructure under the kabupaten and Inpres programmes, as well as financing a myriad projects of dubious economic rationality (Elson 2001, 218). No longer central to economic stability, the technocrats found themselves marginalized. However, they were back in favour in 1975, when Pertamina collapsed with $10 bn in debts, a scandal that effectively terminated Ibnu Sutowo's political career (Elson 2001, 215). The President now had no serious rivals. When the 1977 parliamentary elections led to an upsurge in Islamic and student activism, the army came out publicly in support of him. Whereas previously such events had been the occasion for factional maneuvering, in this case there was 'an effective surrender of [the army's] independent power to the person of Suharto' (Elson 2001, 223). Re-elected in 1978, his Third Development Cabinet saw a further streamlining of power, with the creation of three new super-ministries, entrusted to his closest allies. Sudharmono, Cabinet secretary and a gatekeeper to Suharto, was promoted, as was new protégé B.J. Habibie, a former engineering professor appointed Minister for Research and Technology (Elson 2001, 227-228).

Indonesia achieved self-sufficiency in rice production in 1984—something of a crowning achievement for Suharto. In the same year, he was elected to a fourth term as President, parliament granting him the title 'Father of Development' (Bapak Pembangunan). By the late 1980s, 'Suharto stood at the height of his powers and his power was immense; no decision of any consequence was taken without his assent […] having subdued or domesticated all civilian opposition, he was unchallengeable in his position as paramount power in the state'

(Elson 2001, 253). This was reflected in his relations with his ministers: ‘He gave the impression that they came to him to seek wisdom and advice, not to proffer it […] they were overwhelmingly men of a younger generation, and Suharto ensured their loyalty not so much by cultivating their affection, as by dividing them’ (Elson 2001, 259-260).

Suharto’s ascendancy was not to endure, however. The first signs of trouble came in 1988. Suharto was reelected as President, the outcome never in doubt, but an opinion was growing that this would be his last term. The idea was strengthened by his choice of Sudharmono for VP, the first time that a person with serious succession credentials had been so named. He prepared the ground by removing long-time ally Benny Murdani as army commander, who might have had ambitions to succeed Suharto himself. This prompted a backlash from the army, which launched a campaign to deny Sudharmono the vice-presidential post. Although it failed, they made their point that Sudharmono was unacceptable (Elson 2001, 260-261).

With his choice of successor blocked, Suharto—by now ‘an old, tired man’—proceeded in 1993 to accept a sixth term as president (Elson 2001, 272, 267). The cabinet he announced retained technocrats in the finance ministry and at the Bank of Indonesia, but otherwise turned its back on them, promoting Habibie and the economic nationalists. The army were keen to limit Habibie’s ascent, however, and succeeded with a campaign to elect army commander Try Sutrisno as Vice-President. In response, Suharto increasingly shunned the armed forces, embracing trusted civilians like Habibie, as well as his own children, Tutut and Bambang instead. Desirous of broadening his popular appeal, he sought to build a new base in Golkar. But this was not ‘a reformed and open Golkar’ it was ‘a Golkar controlled by those close to him and who offered him unquestioning loyalty’ (Elson 2001, 273).

In spite of these developments, the economy seemed to be powering on, growing between 1990 and 1996 at almost 8% a year (Elson 2001, 280). With the falling off of oil revenues in the early 1980s, the regime had made an effort to encourage foreign direct investment and promote an export-oriented approach (Berger 1997), adopting ‘an aggressive liberalization program, abolishing a series of monetary and capital controls and deregulating large swathes of the domestic economy’ (Spar 1996, 33). These efforts were by and large successful, with FDI reaching $40 billion per year by 1995 (Spar 1996). After an initial wave of Asian investment, Western firms followed, diversifying into infrastructure projects, telecommunications, autos, and consumer products (Spar 1996, 33). Sound macro indicators, plentiful natural resources, and cheap labour provided incentives. Some of the old cronyist conglomerates restructured themselves to take advantage of the new dispensation (Hadiz and Robison 2005, 224), while the business empires of Suharto’s children also continued to grow (Elson 2001, 253).

In 1996 Golkar was re-elected, and despite an upsurge in political activity following a truncated political opening in the early 1990s, Suharto seemed secure. Things were all to change in 1997, however, when Indonesia fell victim to the East Asian financial crisis.

The proximate chain of events leading to Suharto’s downfall began with the Thai currency crisis in June, a symptom of investor doubts about the health of Southeast Asian economies generally. By August the crisis had spread to Indonesia, and by October the government turned to the IMF. Signs that the government was not serious about reform, in particular rooting out cronyism in the banks and industry, meant that confidence was not restored. In January 2008, with the rupiah continuing to fall, Suharto announced a fantastically optimistic budget. By now it was clear to investors that he was unable to make the reforms being forced on him, and that he was the cause of rather than solution to Indonesia’s problems (Elson 2001).

The crisis was compounded by the issue of political succession. From mid-January Suharto made it clear that he intended Habibie—whose vainglorious technologism was much ridiculed by experts—to succeed him. This was clearly unacceptable, not just to investors but to many Golkar members who had long disliked and resented Habibie, so later that month Suharto accepted Golkar's nomination to serve yet another term. The new Cabinet was announced in March and included not only tired old associates, but also timber tycoon Bob Hasan and Suharto's daughter Tutut: 'The cabinet captured, as nothing else might have done, the mixture of tired, faded hopes and arrogant cronyism which had beset Suharto's regime in the final years' (Elson 2001, 289). Social unrest grew, and by April, Islamic activist Amien Rais had emerged at the head of an informal opposition movement.

In May 1998, with Suharto on a visit to Egypt, mass disorder broke out. He returned to find Jakarta burning, which prompted a cabinet reshuffle and then the announcement of a new 'Reform Cabinet'. He also stated his intention—at some unspecified date—to step down. Suharto had claimed in his autobiography that 'I always ask "what do you think", and always listen carefully to the answer to my question. If the idea is good, then OK'. But by May 1998, he had long since dispensed with this kind of inclusiveness (Elson 2001, 294). Almost all the economic ministers invited to join his Reform Cabinet refused. As Suharto's former allies deserted him, Coordinating Minister Ginanjar Kartasasmita delivered a joint statement urging him to stand down, a sentiment supported by US Secretary of State Madeleine Albright (Elson 2001, 292-293). On 21 May 1998, after more than 30 years in power, Suharto resigned.

Taking over from Suharto, B.J. Habibie quickly earned the nickname Bapak Disintegrasi (Father of Disintegration) (Case 2002, 70). Since World War 2, no large country's economy had fallen faster or further. Failing to make any credible changes to Suharto's system, Habibie was defeated in elections on 7 June 1999, following which the PKB's Abdurrahman Wahid emerged as President. The instability did not cease, however. Indonesia's military acquired a character that has been termed 'non-hierarchical', fuelling mass-level violence, economic instability, crime and vigilantism (Case 2002, 74) with the result that, 'foreign investors remained wary, shunning Indonesia's manufacturing and property sectors for more favourable markets elsewhere' (Case 2002, 76). In July 2001 Wahid was removed by a special session of parliament, conceding the presidency to Megawati Sukarnoputri, who governed until 2004 (Case 2002, 79).

The post-crisis scenario witnessed a number of trends. Old interests survived by articulating populist Islamic or nationalist ideologies through illiberal party machines, creating tactical alliances to control and gain access to the spoils of state power, and employing selective mass mobilization, intimidation, and violence through paramilitary militias frequently tied to criminal networks (Hadiz and Robison 2005, 232-233). Meanwhile, decentralization led to a growing assertiveness on the part of local officials, bribing national politicians to release central resources, demanding new bribes and new levies from local and foreign investors. King talks of a state of 'governmental paralysis' in which the president 'takes initiatives but hesitates fatally to follow through' (King n.d., 12). Peripheral islands became increasingly restive, with East Timor gaining independence amidst serious violence and significant protest and violence in Papua. Financial responsibility and austerity in fiscal management were undermined while disorder and unpredictability led some mining and foreign investors to withdraw. Indonesia fell significantly behind its regional competitors (King n.d., 3); per capita income did not recover from the crisis until 2006.

Côte d'Ivoire

For its first fifteen years of independence, Ivory Coast was regarded by some observers as an economic miracle, an open, export-led policy stimulating strong agricultural and manufacturing growth (Tuinder 1978). An average annual growth rate of 7% was maintained between 1961 and 1981. By the mid-1980s, however, the economy was in crisis, with falling export receipts, shrinking manufacturing output, and a massive foreign debt. After a fraught transition to multi-party democracy in the 1990s, the country succumbed to warfare in 2001.

Pre-colonial Ivory Coast was a thinly populated territory, home to about 60 ethnic groups, inhabiting a savannah zone in the north, and a forest zone to the south. In turn, these ethnic groups can be broadly divided into four linguistic groups: the Mandes (Malinke, Dan, Kweni); the people from Volta, otherwise known as the Gur (Senoufos, Koulango, Lobi); the Krous (We, Bete, Dida Bakwe, Neyo); and the Kwas or Akan (Agni, Baoule, Abron, Alladian, Avikam and the Lagoon groups) (Akindes 2004, 12). The Western peoples were largely acephalous and age-based, while in the East they were governed by chiefs (Médard 1991, 186). With the exception of Senoufo, it had no particularly large centralized kingdoms, occupying a zone that formed a kind of buffer between the more powerful polities to each side (Crook 1990).

From our point of view, the most important features of the colonial period were the creation of an economic infrastructure to extract agricultural resources from the country and the use of coerced labour, mostly from the northern region and Upper Volta, on European owned coffee and cocoa estates. There also emerged an indigenous planter class with roots in the traditional elite, who resented European privileges and gave birth to the *Syndicat agricole africaine* (SAA) (Campbell 1987, 285), clustered around Felix Houphouët-Boigny, their most eminent representative (Anyang' Nyong'o 1987, 208; Médard 1991, 188). The SAA was the base for Houphouët's PDCI, the political party which led the country to independence in 1960 (Médard 1991, 190; Crook 1990, 221).[13] In 1964 Houphouët established a one-party state, making what was anyway a *de facto* situation *de jure* (Crook 1990, 223; Médard 1991, 191). Nominations for party section secretaries were controlled by central party organs, national elections were non-competitive (the candidates being appointed by the party), and once elected, MPs represented not a particular constituency, but rather the whole of Côte d'Ivoire (Médard 1991, 198). Jackson and Rosberg reported that the local party, once a fairly lively political machine had become, 'a client class totally dependent upon the ruler for their position and perquisites' (Jackson and Rosberg 1982, 150). Observers spoke of Houphouët's near complete domination of the political field ('free-floating political resources do not exist'), (Jackson and Rosberg 1982, 148).

Yet alongside the extreme personalization of power, observers also found Ivory Coast remarkable for its degree of bureaucratic insulation. According to Jackson and Rosberg, 'Houphouët-Boigny is an anti-politician, an administrator's politician and not a politician's politician' (Jackson and Rosberg 1982, 145). He chose to govern almost entirely through the agencies of state created by the French, and 'largely maintained the capability and efficiency of these agencies' (Jackson and Rosberg 1982, 146). For Crook, the Ivorian state was 'strongly disciplined' and 'virtually autonomous' (Crook 1990, 235). Factors of production, for example, appeared to be allocated according to a technocratic planning process (Tuinder 1978, 26).

[13] The PDCI, although drawing on the organizational power of the union, began life as the Ivorian branch of the West African *Rassamblement Democratique Africaine* (RDA).

Policy-wise, the emphasis was on expanding and diversifying the agricultural economy in order to fuel industrialization. There was a private 'gold rush' in opening new land for cocoa production (Crook 1990, 220), and new investments were made in bananas, pineapple, rubber, coconut, and palm oil (Tuinder 1978, 17). State institutions intervened between the farmer and the world market, with an emphasis on providing stable and reasonable producer prices, keeping agricultural wages relatively low, supplying an efficient organizational structure, and an influx of skilled and unskilled labour from abroad (Tuinder 1978, 39). In industry, growth was based largely on processing agricultural raw materials, and included canned goods, coffee and cocoa processing, edible oils and fats, tobacco, textiles, rubber, and wood products (Tuinder 1978, 50).

Africanization proceeded very slowly, with expatriates—mainly French—occupying a high percentage of top and middle grades in the civil service and business up until the early 1980s (Campbell 1987, 289). However, by this time things were already beginning to change. For several years the government had been investing heavily in education, having the highest education budget of any country in Africa (Tuinder 1978, 19). The system turned out large numbers of school leavers with paper qualifications and desires for salaried employment. According to the World Bank, 'Rapid economic growth has generally been accompanied by a widening gap between the expectations of an Ivorian labour force that is becoming better educated and the opportunities for what they regard as acceptable employment. Ivorianization is therefore becoming a pressing issue' (Tuinder 1978, 7). Much of this desire was accommodated by an expansion in the parastatal sector, which by the mid-1970s had begun to grow extremely rapidly.

In the early 1970s, it appears that the politicians who tended to run parastatals were 'under the direction of ministries of planning and economic affairs' (Campbell 1987, 295). By the late 1970s, the planning process had become less detailed, consisting in the adumbration of some broad objectives, and a cascade of investment proposals (Tuinder 1978, 28). Around this time there was also a change in the structure of political patronage:

> 'At the beginning of the post-independence prosperity, the highest authority decided over the amount and form of distribution. In the 1970s, smaller centers of power were coming up with their own patronage networks. The decision-making process was decentralized in the sense that the peripheral networks were also gaining power, leading to the emergence of a "gagne-qui-peut" mode of behavior among competing network centers in the distribution of the national patrimony'. (Alemayehu Dereje 1997: 153)

As patronage shifted from being a centralized to a segmentary system (Alemayehu Dereje 1997), parastatals began to expand in an uncontrolled way. Investment increasingly took place outside the budget and planning framework (Tuinder 1978: 27), even financing decisions became decentralized, so that parastatal agencies ran up large debts without the knowledge of the central bank (Alemayehu Dereje 1997, 155). As Médard opines, 'Although we have seen how Houphouët centralised his management of patronage, it seems that he lost control of it to the benefit of his "barons" towards the second half of the 1970s' (Médard 1991, 202).

The balance between political accumulation and economic redistribution became increasingly skewed as the economy began to slow down, a problem made worse by the fact that parastatal expansion was funded by means of foreign loans contracted at commercial rates of interest, which placed an ever-increasing debt burden on the economy. When the expansion of coffee and cocoa began to slow, and the price to collapse in the early 1980s, this burden became truly crippling. The state marketing board, which had previously been praised for offering farmers a price at or near the world price, suddenly began to suffer heavy losses—slashing the farm-gate price was politically impossible—further deepening the country's economic crisis (Riddell 1990, 174).

Problems were compounded by uncertainty over political leadership. By 1980, Houphouët was already 75 years old, and a search began for a power-sharing arrangement that would 'calm anxieties about the succession'. But five years later the matter remained only partly resolved (Toungara 1995, 14), with only a constitutional provision making the leader of the National Assembly—at the time former Finance Minister Henri Konan Bedié—automatic successor in the event of the President's death for an interim period of three months. In the midst of this uncertainty, economic conditions remained deplorable: GDP shrank at 0.2% per year between 1980 and 1989, and in 1990 mass demonstrations against austerity erupted.

Houphouët responded by appointing former IMF Africa Director Alusane Ouattara to a special commission to devise a solution, while opposition parties were legalized for the first time. There followed some moves to rejuvenate the PDCI ahead of elections in October and November later that year, with the result that Houphouët and the PDCI won handily (the main opposition came from Laurent Gbagbo's *Front populaire ivoirien*). But despite the attempt to democratize the PDCI, Houphouët retained strict control, a reality made clear when he imposed his choice for Secretary General, the unpopular Laurent Dona Fologo, on the Party in 1991 (Toungara 1995, 31). On the matter of succession, Article 11 of the constitution was changed in order to allow the head of the National Assembly to not only automatically succeed the President, but to serve out his remaining term, placing Bedié in a strong position (Toungara 1995, 30). It also provided the President the power to appoint a Prime Minister, Houphouët installing Ouattara as premier.

When Houphouët died in 1993, Bedié duly stepped into the Presidential shoes. Ouattara, however, refused to recognize his constitutional right of succession, and two days later resigned his post (Various authors 2007b, 370). The following year, Bedié was also elected president of the PDCI by acclamation, an act that contravened the party's own rules (Toungara 1995, 20). Outtara left the country to take up another post with the IMF, while a group of his supporters left the PDCI to form the opposition RDR. From this point on, the polity became increasingly fractured along ethno-regional lines. Bedié and his PDCI represented the old Akan aristocracy of centre, south and south-east; Outtara's RDR, represented disaffected PDCI elements and northerners; while Laurent Gbagbo's FPI represented the Bete of the west (Akindes 2004). While Bedié and Gbagbo began to articulate an ideology of 'Ivoirité' with a view to marginalizing northern immigrants to the south, the RDR complained of the Akan stranglehold on power.

In 1994 a new electoral code was announced that debarred anyone not of directly Ivorian descent from contesting the presidency. This was widely interpreted as move to disqualify Ouattara, who was thought to have Burkinabé parents (Various authors 2007b, 370). Many opposition supporters boycotted the subsequent 1995 election, and Bedié secured an overwhelming victory. Shortly afterwards, army chief-of-staff Brigadier-General Guei was removed from his post, following reports that he had refused to involve his troops in maintaining order during the election campaign (Various authors 2007a, 371).

Ouattara returned to Côte d'Ivoire in 1999, claiming that he now had papers to prove his Ivorian identity. When these were later declared invalid by the courts, there were violent protests. The RDR Secretary General was imprisoned on charges of inciting violence, and later that year a warrant was issued for Ouattara's arrest. Amidst widespread disquiet about Bedié's increasingly autocratic tendencies, soldiers mutinied in Abidjan. The mutineers seized control of most of the capital's public buildings and demanded the reinstatement of General Guei. The latter then formed a *Comite national de salut publique* (CNSP) to govern the country, and Bedié, who had become increasingly unpopular, fled. Guei promised a quick return to civilian rule, but when he introduced legislation to prevent Ouattara and Bedié from contesting elections, it became clear he had ambitions on the Presidency himself. Voting took place in October 2000, with Guei and Laurent Gbagbo the only serious contenders. When preliminary results showed Gbagbo to be winning, Guei suspended the Electoral Commission and declared himself the victor. The mass demonstrations that ensued prompted Guei to flee the country. Through 2002 Côte d'Ivoire remained under the control of a Government of National Unity which included all the major parties. In September, however, there was another mutiny in which Guei was killed; subsequently the armed forces split and there was civil war (Various authors 2007a, 372-373). Although a succession of ceasefires was brokered, the country's reputation for stability was no more. Between 1990, when the country introduced a multi-party democracy, and 2010, when Ouattara defeated Gbagbo in a disputed national election, the economy grew at just 1.62% per year.

Malawi

Malawi is another example of a politically unsustainable growth regime. Formed from a disparate collection of ethnic groups that inhabited the former British colony of Nyasaland, the country presents an environment unfavorable to economic growth in many respects. It has few exploitable natural resources, is landlocked, has but a single rainy season, is subject to unpredictable weather, and is poorly connected to the outside world. In the colonial period, development policy focused on developing the agricultural sector, carving out estates for white settlers, and later promoting an African 'yeoman farmer' class. None of these efforts was particularly successful, and in 1964 when Malawi obtained independence the country was under-resourced, exceedingly poor, lacking in capacity and indebted (Chanock 1977; Vail 1976, 1977). Nevertheless between 1965 and 1974, it succeeded in growing at over 7% a year.

The country's first prime minister, and later 'President for Life', was Dr Hastings Kamuzu Banda, a 68-year old medical doctor who was to dominate the country's politics for the next 30 years. A dictator by nature, Banda's authoritarian tendencies were given free reign following the Cabinet Crisis of 1964, in which disagreements with younger colleagues led to a coup attempt, expulsions, and the banning of all political opposition. Thereafter, Banda's Malawi Congress Party (MCP), representatives of which were handpicked by the President, became the only permitted political party. Local governance, chiefs, the courts and Parliament were all subordinated to his authority. So too were women, the media, and youth groups; independent trades unions and cooperatives were muscled aside. Political detention was used frequently, and the population cowed into submission by the security services and Banda's Malawi Young Pioneers (Baker 2001; Short 1974). The human rights record of the regime was notoriously poor.

As in Côte d'Ivoire, this downgrading of politics permitted Banda to rule largely through his civil service. Many Europeans were retained in high positions, helping create a dedicated, disciplined bureaucracy that was largely corruption free. Ministers—junior men whom Banda routinely referred to as 'my boys'—were powerless by comparison. Their primary role was to win support for Banda's policies in the regions (Williams 1978, 200-201).

Development policy emphasized infrastructural, agricultural and industrial development. In agriculture, the main emphasis was on drawing privileged Africans into an expanding commercial estate sector. Termed *achikumbe* by extension workers, these favoured farmers were eligible to grow high value crops and received a range of credits, inputs, and advice, not to mention favourable prices, to help them boost production. Commercial estates, especially tobacco estates, provided a return on investment that ranged between 22% and 67% in the 1970s. Many of the *achikumbe* taking advantage of this favoured treatment were politicians and civil servants (Chipeta and Mkandawire 2008; Harrigan 2001; Mhone 1992; Mtewa 1986; Pryor 1990). Small business was also a font of patronage: 'local entrepreneurs…were deliberately promoted and protected by government in accordance with…patronage and client imperatives' (Mhone 1992).

Industrial policy was geared toward processing agricultural products for domestic use and export. It focused on attracting private investors, including foreign firms, via a range of incentives. The 1966 Industrial Development Act, for example, provided generous investment and depreciation allowances, plus tariff barriers and protection from competition (Chipeta and Mkandawire 2008, 157). Banda was 'very successful in obtaining investable resources both from external and internal sources, particularly for the public sector' (Pryor 1990, 47-48). Funds came from aid, foreign companies, (e.g., Lonhro, Carlsberg), and from the public sector itself (parastatals' profits averaged about one % of GDP). In partnership with foreign capital, three entities—the Malawi Development Corporation (MDC), ADMARC (the state agricultural marketing corporation), and Press Holdings (see below)—dominated industrial development, forming a highly monopolistic and oligopolistic market structure (Kaluwa et al. 1992). The biggest beneficiary was Banda himself. In 1961 he founded Press Corporation to handle the printing of the party newspaper. After Independence Press Holdings, in which he was the majority shareholder, rapidly diversified. Before its restructuring in the early 1980s Press had interests in 17 subsidiary companies and 23 associated companies (Press Corporation 2009).

Performance-wise, the early years of Banda's government were marked by rapid national-level economic growth. In 1972 the World Bank described Malawi's record of economic development as 'remarkable' and 'impressive', attributing it to the 'prudent, management of the economy in which both the public and private sectors have played an important part' (Thomas 1975, 32). Government's policy of setting aside part of its revenues and public enterprise profits had helped raise gross national savings in this period (to 11% during 1970-74 and 13% in 1975-79). Growth in real GDP per worker was about three per cent per annum in the period 1960-79. The manufacturing sector increased its share of GDP from seven percent at independence to 13% in 1980. Employment in the manufacturing sector, in turn, increased by a high average rate of 6.8 percent per year (Chipeta and Mkandawire 2008).

The picture changes in the early 1980s, however, as the administration began to be paralysed by a combination of succession politics, the declining powers of its leader, and an increasingly cowed civil service.[14] By the late 1970s, Banda was already in his eighties.[15] Although there are disagreements over whether or not or to what extent he was suffering from dementia, some close observers and visitors noted that he did not seem mentally astute enough to run his government all of the time. As his powers waned, those around him became more influential. These included his nurse/mistress (Cecilia Kadzamira) and her uncle, John Tembo, whose influence grew from being minister of finance in the immediate post-independence years to the power behind the throne. By the late 1970s, one informant said, there was a clear 'mixing of politics and civil service', with cliques vying for influence; the 'intrigue' surrounding Banda was crippling, and some senior officials resigned. Insecurity

[14] The next section draws heavily on Cammack et al (2010), and Cammack and Kelsall (2011), as well as drafts made in the preparation of those papers.

[15] After his death family members asserted he'd been born in 1896. *Malawi News Online*, No. 40, 26 Jan 1998.

surrounding the succession was reflected in the Mwanza murders of 1983, when four senior politicians were bludgeoned to death by police, their deaths made to look like a car accident. The incident started simply, when several senior politicians expressed concern about overspending by government. This was interpreted as criticism of Banda, and they were stripped of their party posts. Banda was probably 87 years old in 1983, and apparently desirous of taking a year off; Tembo was keen to become Acting President in his absence, and to ensure no other politician ousted him from that position. Hearsay evidence (by the wife of the late-Inspector General of Police Kamwana) indicates that Tembo told I.G. Kamwana to 'cause the disappearance' of two of these men 'because [they] … objected to Dr Banda's proposal that Mr. Tembo should act as President while he went on leave abroad' (Mwanza Commission 1994).

This loss of direction at the apex of government occurred at a time when the global challenges facing Malawi were deepening and when structural constraints at home were hobbling growth. The world oil crises of 1973-74 and 1979 affected Malawi's terms of trade, balance-of-payments, and subsequent growth as did a serious drought in 1979-80. World demand declined generally as credit dried up and became more expensive internationally. In Malawi this affected the tobacco sector especially, and estate bankruptcies followed, inducing a domestic banking liquidity crisis. Government's on-going building works added to central government's recurrent account crisis, brought on by declines in capital inflows and a sharp rise in debt service payments (Cammack et al. 2010).

IMF stabilisation funding was made available in 1979; a World Bank structural adjustment programme started in 1981, and debt payment rescheduling followed (1983). After the implementation of structural adjustment policies, some initial gains were recorded (e.g., GDP growth fell nearly -3% in 1980-81 but grew by +3.8% in 1982-85 (Kaluwa et al. 1992). But the Mozambique war—which Banda fuelled by supporting Renamo (Martin and Johnson 1986)—created an influx of one million refugees and closed routes to the sea. Poor weather and declining terms of trade further contributed to economic woes, and in the late 1980s Malawi experienced high inflation (31.5% in 1988), negative growth (-0.5% in 1987), and higher fiscal deficits (at 13.5% in 1986). More structural adjustment lending followed, resulting in increased growth (4.3% in 1988). But macroeconomic improvements were seen to be the result of a 'contraction in domestic demand rather than a change in the structure of the economy' (Kaluwa et al. 1992).

Some restructuring of manufacturing followed. Parastatals, which had been under severe pressure in the early 1980s as funding from government declined and a liquidity crisis resulted in renegotiated debt and suspended operations, were meant to become profitable through reforms that promoted better planning, management and auditing. Some gains were recorded by the early 1990s (Kaluwa, 1992). But structural adjustment and the reforms undertaken by Banda in these later years were unable to bring Malawi back to its 1970s performance figures: between 1980 and 1994, annual average growth was just 1.6%.

It was widely believed that genuine restructuring of the economy would only be possible with political change. This meant the removal of what Mhone (1992: 4ff) calls the 'iron triangle' (Banda-Tembo-Kadzamira, the state apparatus, and the clientelist class of agricultural and commercial entrepreneurs who benefited from state policy), and its replacement with an 'accountable state' that would be able to provide a new development thrust. Donors wanted 'tangible and irreversible evidence of a basic transformation' (Human Rights Watch 1993) that would guarantee good governance and human rights protection. As for the economy, the World Bank advocated the 'unbundling' of Press Corporation because it represented a 'significant structural weakness in the economy and is stifling initiative and keeps small entrepreneurs from entering the economy'. Local entrepreneurs, including those from the Chamber of Commerce and Industry, stressed a need to address the 'structural weaknesses' in the economy that hindered foreign investment (Venter 1995, 152-192). A major political-economic transformation was being advocated.

By the early 1990s the momentum for political change was unstoppable (Cammack et al. 2010). Following a referendum and multi-party elections in 1994, Banda and the MCP were removed from power. The new President was Bakili Muluzi, a former businessman and senior member of the Malawi Chamber of Commerce and Industry. Unfortunately, his party, the United Democratic Front (UDF), failed to win an outright majority in Parliament, initiating a period in which lower level political actors and factions set the terms of rent-distribution. Muluzi attempted to hold his minority government together by manipulating a series of shifting coalitions, whose members were always vulnerable to being bought by opposition leaders (Englund 2001). Although growth was better than in the previous decade, at just over 3% annually (1994-2004), it was a long way from the heights of Banda's early regime.

Kenya

Under the leadership of Jomo Kenyatta in the 1960s and 1970s, Kenya was another African success story. Between 1963 and 1980, the economy grew at more than 7% a year, with both agriculture and industry expanding. However, just a few years after the succession of Daniel arap Moi in 1978, growth fell significantly, and was never again to recover its previous levels. In the following paragraphs we detail how this shift was the combined result of economic inefficiencies with their roots in the Kenyatta era, and governmental ineffectiveness caused by succession politics.

Pre-colonial Kenya was inhabited by about forty ethnic groups, with seven (Kikuyu, Luo, Luhya, Maasai, Kamba, Kalenjin, and coastal tribes) accounting for about 70% of the population. In the colonial period, a significant number of Europeans settled. Large tracts of land were alienated in the central highlands for white settlement, with Africans confined to native reserves. Nevertheless, some economic development occurred among Africans, especially the Kikuyu. By the 1930s, these more prosperous Kikuyu began to become politically active, forming the Kikuyu Central Association and later, together with other ethnic groups, the Kenyan African Union (KAU). In the 1950s the KAU split into radical and moderate wings, with the radicals becoming part of Mau Mau, an underground movement which fought a guerrilla war against the settler state (Berman and Lonsdale 1992; Berman 1997).

By the late 1950s Mau Mau had been squashed and the British began to plan for a handover of power. A massive land-titling program (the Swynnerton Plan) was instituted for the Kikuyu highlands, and provisions were made to transfer white farmland to Africans through the Million Acre Scheme. KAU leader Jomo Kenyatta was released from prison and political competition was legalized. Two political parties emerged: KANU, led by Kenyatta, which drew on mainly Kikuyu and Luo support, and KADU, a collection of the smaller tribes, co-founded by Ronald Ngala and Daniel arap Moi. KANU won the elections and in 1963 the country entered Independence with a multi-party constitution and strong regionalist government. Kenyatta quickly sought to change this, and his efforts bore fruit in 1964 when KADU members of Parliament crossed the floor, enticed partly by grants of land in the Rift Valley (Bates 1989). A republic was created, in which Moi was made Vice-President and Kenyatta, as President, was granted sweeping powers. The next few years saw a struggle against KANU's left wing, leading to the emasculation of the trades unions and formation of the breakaway Kenyan People's Union (KPU). In 1969 the KPU was banned, making Kenya a *de facto* one-party state (Anyang' Nyong'o 1989; Goldsworthy 1982; Leys 1975; Tamarkin 1978).

Much like Houphouët in Côte d'Ivoire, Kenyatta proceeded to neuter the power of KANU itself. Its leading internal organs barely met in the 1970s, and leading MP Martin Shikuku went so far as to describe it as 'practically dead' (Khapoya 1988). Soon it existed merely as a network of local and regional bosses that Kenyatta held together (Barkan 1994, 16). It continued to play a role loosely screening candidates for multi-member elections in Parliamentary seats, which was just about the only source of political competition in the country, and in organizing *harambee* or local development activities (Barkan 1994, 19). The majority of funds, projects, and coercive powers, however, flowed through the strong provincial administration created by the British and responsible to the chief executive (Leys 1975).

With stability assured, a competent bureaucracy could be maintained. The top ranks of the civil service were Africanized more rapidly than in Côte d'Ivoire or Malawi, but as in those countries, expatriates remained well-represented in the technical cadres for quite some time (Goldsworthy 1982, 250). Leys described the civil service as 'an autonomous administrative apparatus' (Leys 1975, 122), while Barkan observed that it functioned in much the same way as the colonial state had done (Barkan 1994, 17). Within this apparatus Kenyatta delegated responsibility for growth-enhancing performance to his ministers and civil servants. According to Leonard, 'Kenyatta gave his attention more to personnel than to the details of public policy' (Leonard 1991, 143). He had 'a decision-maker in whom he had confidence in virtually every public organization that was important to him' (Leonard 1991, 170), intervening only when economically necessary and politically desirable.

The agricultural sector was a key political-economic arena (Heyer 1981, 92). Through access to state credit, politicians and civil servants acquired stakes in the large farm sector, while yeomen, peasants, and the landless got land in high- or low-density schemes (Leo 1984). The bulk of the peasantry had already been given a conservative cast thanks to 1950s land consolidation, carried out under the Swynnerton Plan (Heyer 1981, 102). More generally, smallholders in many areas were for the first time permitted to grow high value export crops, notably pyrethrum and tea (Heyer 1981, 105), and encouraged to do so by a combination of competitive prices and relatively effective agricultural development agencies (Bates 1981, 1989; Leonard 1991).

When it came to industry, Government policy was to be simultaneously open to foreign investment, while encouraging Africanization of the economy. Firms such as Union Carbide, Firestone, United Steel, Del Monte, Mitsui, Nomura, Schweppes, Inchcape, Lonrho and many more came to Kenya (Leys 1975, 118). New industries developed in plastics, pharmaceuticals, steel rolling and galvanizing, electrical cables, welding rods, paper, vehicle assembly, industrial gases, rubber, ceramics, batteries, refractory bricks, oil recycling and so on. Others in textiles and garment manufacturing, food processing, leather tanning, and footwear, greatly expanded in scale (Coughlin 1990).

The government acquired equity in these firms through a clutch of state agencies, including the Industrial and Commercial Development Corporation, the Development Finance Company of Kenya, the Kenya Tourist Development Corporation and the State Reinsurance Corporation, and thereby encouraged the promotion of African management. Other Africans used their political connections to help them invest directly in enterprise. Entrepreneurial Kikuyu, for example, employed state power to displace Asian retail trade (Swainson 1987, 143-147). Bigger Kikuyu operators bought equity, even controlling shares, in foreign firms through cooperatives or consortia (Swainson 1987, 153). One of the most significant indigenous conglomerations in this respect was the Gikuyu, Embu and Meru Association (GEMA), which included some of the country's most prominent politicians, and invested in land, property, and manufacturing projects through its holding company Gema Holdings (Swainson 1987, 155-158).

Economic performance was accordingly strong, evidencing growth, structural transformation, and poverty reduction. Between 1964 and 1973, agriculture grew at 4.6% per year, manufacturing at 9.1%, and GDP at 6.6% (Mwega and Ndung'u 2008, 359), rates that were around twice the sub-Saharan average (Sharpley and Lewis 1990, 206-207). By the early 1980s, however, dangerous economic imbalances were apparent. Insufficient incentives had been provided to encourage a serious move into exporting, and individual operators seemed focused on political lobbying to protect their access to protected markets. With a high import content to production and falling productivity, the manufacturing sector could only be sustained by means of increased subsidy from the agricultural sector, and foreign loans. Both options were tried, and both appear to have forced the economy into greater external imbalance, with the manufacturing sector acting as a drag on the entire economy (Sharpley and Lewis 1990). According to Sharpley and Lewis, 'the failure to undertake some restructuring of incentives [in the late 1970s] at a time when foreign-exchange reserves were plentiful was a major missed opportunity in economic management' (Sharpley and Lewis 1990, 210).

It is difficult to know how far this paralysis was generated by problems inherent to the model, and how far by a looming crisis of political succession. In 1977, with the President aged 83, concerns about the succession came to occupy centre stage. The Constitution provided that upon the incumbent's death or disablement, the Vice-President should act as President for 90 days. The Vice-President at that time was Daniel arap Moi, a founding member of KADU, from the Kalenjin ethnic group. The political elite was split between those who favoured leaving the Constitution as it stood, and those, including the powerful GEMA group, who wished to amend it. A full debate over the matter was pre-empted, however, when Attorney General Charles Njonjo proclaimed that it was a criminal offence punishable by death, to even imagine the death or deposition of the President (Khapoya 1988, 56).

In 1978 Kenyatta died and, as per the constitution, Moi succeeded him. The transition itself was smooth, and Moi sought to reassure observers by preaching a philosophy of 'Nyayo', implying that he wished to follow in the footsteps of Kenyatta. Certainly, investors were not panicked: between 1978 and 1980, growth was 6.7%. Behind the scenes, however, Moi was working hard to disorganize his rivals in the GEMA group. First he used the police to launch an assault against corruption at high level in government ministries, thereby undermining their patronage base, and then GEMA was banned. Next he set his two main Kikuyu backers, Mwai Kibaki and Charles Njonjo, against one another (Widner 1992, 137). Simultaneously, the President intervened repeatedly in *harambee* activities and factional disputes throughout Central Province, promoting his own men to challenge more established players, but then pulling the rug from the former if they proved too independent. By this technique he kept the Kikuyu seriously fractionalized, but at the cost of wasteful expenditure (Widner 1992). Following a coup attempt by junior air force officers in 1982, supported by university students, and evidence of a shadowy underground movement known as Mwakenya, Moi's sense of insecurity was heightened further (Khapoya 1988, 62). He began to suspect that Njonjo—who had been so instrumental in bringing him to power—intended to usurp him. A judicial inquiry was launched in 1983 and, though never formally charged, Njonjo was expelled from the party and resigned from parliament (Khapoya 1988, 58). In the aftermath, Moi began to rely ‘more and more on individuals from his own area and old friends and cronies’ (Khapoya 1988, 59).

The civil service was also under suspicion. Readers will recall that Kenyatta’s approach to administration was to delegate responsibilities to trusted managers, often kinsmen, intervening when necessary in policy disputes on their behalf. Moi, however, had little affinity with the men who served under him: ‘Moi confronted a group of public managers whose implicit interests on regional matters were quite different from his own and who controlled a significant amount of the “means of administration”…Moi frequently had to rely on men with whom he had no strong ties and some of whom he distrusted’ (Leonard 1991, 171).

He began to shuffle ministers and civil servants, systematically replacing Kenyatta’s Kikuyu supporters with representatives from his own and allied ethnic groups. Soon he had removed all but one of Kenyatta’s eight provincial commissioners, and retired or moved on prominent Kikuyu civil servants such as permanent secretaries and deputy permanent secretaries. Mostly, they were replaced by members of ethnic groups who had made up the old KADU alliance, especially Moi’s own Kalenjin people. A similar process afflicted marketing boards, state-owned enterprises, and regulatory agencies (Leonard 1991). The frequency of civil service shuffling also increased: ‘Whereas under Kenyatta senior members of the civil service would remain in their posts for five years or more, Moi rotated personnel every two to three years, often less’ (Barkan 1994, 24). Understandably, competence and efficiency declined.

Moi gradually replaced the administration with KANU as his main patronage vehicle. Top civil servants were forced to join the party, which was reconstituted as ‘a well financed machine of personal rule’ (Barkan 1994, 25). The president surrounded himself with an inner circle of old-KADU loyalists ‘with little understanding of the macroeconomic issues facing Kenya and a proclivity to use the financial instruments of the state for patronage needs’ (Barkan 1994, 26). Corruption reached kleptocratic proportions, a phenomenon caused partly, Barkan thinks, by an oblivious attitude to Kenya’s economic future, and partly by the more rapid circulation of administrative and political elites, inducing a mentality of steal as much as you can while you can (Barkan 1994, 27-28). Between 1981 and 1992, growth averaged 3.46%, a rate that barely kept pace with population expansion. As the Cold War came to an end, both internal and external pressure began to mount for political change.

In the early 1990s, Kenya made a transition to multiparty competition, and, amidst increasing political violence, any semblance of sound macroeconomic management disappeared (Barkan 1994, 24). The Kenya National Trading Corporation awarded public contracts with little regard for whether the individuals or companies could supply the goods required (Tangri 1999, 26), political banks were established to provide soft loans for cronies of the elite, and the money supply was expanded to finance the election. American investors already regarded Kenya as a high-risk country and even though some British investment continued, many existing investors were looking at relocating to Tanzania (Coughlin 1990, 247). World Bank officials commented that, ‘the lack of transparent policies and the general perception of capricious governance discouraged potential investors’ (Tangri 1999, 78). Between 1992 and 2002, when Moi finally stepped down, GDP growth was less than 2% a year.

6 Discussion

What do the above historical narratives tell us, then, about the conditions in which economic growth has been combined with political succession? In this section, we will briefly compare the evidence against the variables outlined in Section 2: to wit, physical and social geography, 'stateness' and 'systemic vulnerability'; economic policy; political institutions; and timing. Tables 2 and 3, at the end of the section, provide an overview of the argument.

Geographical conditions

We saw in Section 2 that an influential strand in the development literature posits that having an 'African' geography is particularly detrimental to a country's development prospects. Providing some support for this, three out of four of our unsustainable regimes were in Africa, while only one out of five of the sustainable ones was African.[16] Being located in Africa made it less likely, then, that succession and growth would be combined; but it did not make it impossible. And while being in Southeast Asia made combining the two more likely, it was not a sufficient condition. Moreover, our case studies did not reveal anything that linked having an African physical geography specifically with succession problems. If a geographical cause is operating, it seems to be via the same route that makes generating growth in Africa more difficult in the first place.

The link with succession is easier to see in the case of ethnic geography. All of our states were multi-ethnic, but the structure of heterogeneity varied from case to case. Ethnic geographies in which a small number of large groups can conceivably capture power and rule to the exclusion of others—sometimes called bipolar or concentrated multipolar geographies—have been shown to be particularly politically challenging, and indeed, all of our unsustainable cases had such a geography. However, the fact that three of our sustainable growth regimes—Malaysia, Mozambique and probably Laos—also had it, means that again, ethnic heterogeneity may contribute to making succession with growth less likely, but not impossible.

Likewise, on the issue of 'pre-colonial stateness', we find that in none of the unsuccessful cases—with the possible exception of Indonesia—was the state built on an identifiable pre-colonial foundation, whereas three out of five of the successful cases—Vietnam, Thailand, and Laos—were. However, the fact that Malaysia and Mozambique bucked the trend, shows that pre-colonial stateness is at best a contributing, not determining condition.

Can 'systemic vulnerability' differentiate between our sustainable and unsustainable high growth regimes? It is certainly true that all the sustainable cases could be described as experiencing an intermediate level of threat perception, since all have at times experienced fraught relations with neighbours, threats from revolutionary or counterrevolutionary (or secessionist) forces, and (very) varying degrees of resource scarcity. The problem is that all the unsustainable regimes have two or more of these conditions as well. This leads us to conclude that although systemic vulnerability may explain why some states create the policies and institutions that bring high growth, it cannot by itself explain why some states and not others are able to sustain that growth across political successions.

Policy conditions

We move now to policy conditions. All our countries had a commitment to relatively conservative monetary and fiscal policy. All had mixed economies that combined a basic openness to foreign private capital with quite a large state sector (the size of which fluctuated over time). All also had some sort of national planning and industrial policy. In general, this admixture resulted in internationally competitive export sectors dominated by foreign capital

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[16] Note that in this exercise we have excluded Cameroon from our calculations on account of it being difficult to categorize.

(although rather small in Laos), and much less efficient domestic sectors dominated by the state or local capital, but in which foreign capital often played a role. The way in which property rights were guaranteed varied between countries, but in all cases formal protections for foreign investors were quite strong, while for domestic investors they were weak. Of the sustainable regimes, Malaysia and Vietnam emphasized agricultural development, at least in the early years of growth, together with economic freedom for smallholders, though this was less pronounced in Laos and Mozambique. All the unsustainable high growth regimes also had this emphasis on agriculture, but with less economic freedom in Malawi.

The fact that this policy mix was equally associated with sustainable and unsustainable high growth regimes might lead us to infer that it is irrelevant to our story. However, here we must compare not just sustainable with unsustainable high growth regimes, but also unsustainable high growth regimes with low growth regimes. Previous work under the Tracking Development and Africa Power and Politics Programmes has shown that low growth regimes typically lacked these policy conditions (Kelsall 2013; van Donge et al. 2012).

We infer that for high growth to occur, it may be necessary to combine a commitment to macro-economic stability with a mixed economy and openness to foreign direct investment, but these policy measures by themselves are not sufficient to guarantee growth across political successions.[17]

Institutional conditions

What about ‘inclusive institutions’, or a ‘golden thread’ linking the rule of law, the absence of conflict and corruption, and the presence of property rights and strong institutions? It seems clear that inclusive institutions, at least of the Anglo-American variety, were not significant. Vietnam, Laos and Cameroon were single party states; Malaysia and Mozambique were dominant party states with a playing field tilted against the opposition; Thailand has had periods of military dictatorship, semi-democracy, and more participatory democracy. As we saw in the sections above, property rights have been variable, and we may add that the experience of all these countries leaves much to be desired in terms of human rights, public probity, and the rule of law.

But if inclusive Anglo-American-style institutions did not provide the assurances investors needed, what institutions did? The Southeast Asian and African cases examined here reveal two different types, or pathways. The first, represented by Malaysia, Vietnam, Laos, and Mozambique, involves the presence of a strong party characterized by a tradition of consensual decision-making. In Vietnam, Laos and Mozambique, this was furnished by a shared experience of revolutionary struggle and war, together with a commitment to Marxist-Leninist ideology, while in Malaysia it grew out of a shared fear of ethnic subordination at the hands of immigrant Indians and Chinese, together with an indigenous tradition of loyalty to leaders. In the case of Malaysia, Mozambique, and Vietnam, each party’s inaugural succession, in which a founding charismatic leader was replaced, either on his death or in response to his declining popularity, was a pivotal moment or critical juncture; once resolved peacefully, this set a precedent for following successions. This appears also to have been the case in Laos, where the powerful posts of General Secretary and State President were shared following the death of Kaison.[18]

[17] Note that the conditions required for high growth appear to be less demanding than the conditions for high, poverty-reducing growth. We note that Mozambique has the former but not the latter, probably on account of its comparative neglect of smallholder agriculture—see van Donge et al. (2012).

[18] Note that top LPRP leaders have historically had a habit of listening to advice from Vietnamese colleagues, and have been greatly influenced by precedents set in Vietnam (Stuart-Fox 2005).

Thailand represents a different pathway. There, political successions, occasioned by coups, riots, and parliamentary censure motions, have been so frequent that it is difficult to describe them as orderly. Rather, the bureaucracy appears to have provided continuity. Nevertheless, the two pathways may have more in common than appears obvious at first glance.

According to Raquiza, both types can be captured by the notion of ‘embeddedness’. When governing elites emerge from and operate within a strong institutional setting, they are likely to draw on shared corporate identities, and to advance broader, organizationally defined interests and goals. The same is true for technocrats organic to a civilian bureaucracy (Raquiza 2012, 14). In addition, where organizations are strong, conflicts are likely to be contained within them, rather than convulse the society or the economy as a whole (Raquiza 2012, 15). Because competition for control of the state in Thailand was mostly confined to an inner circle of senior military elites and civilian allies, ‘government operations proceeded with relatively little disruption’. Moreover, ‘The technocracy’s relative autonomy from the political leadership contributed to policy continuity’ (Raquiza 2012, 117).

Following Raquiza, we may think of Malaysia, Vietnam, Laos and Mozambique on the one hand, and Thailand on the other, as pursuing different versions of a similar phenomenon, namely policy-making by individuals embedded in strong institutions—in the first case political parties, in the second case, the military/bureaucracy. It was the longevity and continuity of these institutions, their demonstrated ability to resolve internal conflicts without resort to mass violence, and their shared commitment to a development vision, that provided private capital with the guarantees it required.

Analysis of the politically unsustainable cases confirms the finding that the institutional embeddedness of policy-makers is crucial to sustainable growth, whether the institution in question be the bureaucracy, a political party, or even the military. Beginning with Indonesia, we find that Suharto emerged from the ranks of the military to govern as a first among equals, but that he gradually outmaneuvered or outlived his colleagues, elevating himself to a position of incomparable personal power. In the words of Case, ‘Suharto poised the elite collectivity on the knife’s edge, imbuing it with neither the cohesion into which he might have been absorbed as simply another member, nor tilting it toward the outright disunity that in destabilizing his regime would even sooner have threatened his paramountcy’ (Case 2002, 44). To help manage the economy he appointed technocrats and insulated them to some extent from political pressures; but the technocrats tended to come from academia, and were not well-entrenched in a strong bureaucracy. Over the years their power waxed and waned depending on Suharto’s personal needs, and when he fell from power, few were reappointed by the incoming administration (Raquiza 2012). Policy continuity was thereby lost. As Suharto grew in strength, he chose to distance himself from the armed forces, cultivating the political party Golkar as a power base instead. However, Golkar was a personal machine, with little identity independent of Suharto. It was unable or unwilling to rein in his excesses, and could supply no credible alternative to his leadership. Thus, when the accumulated inefficiencies of the New Order system were exposed in the East Asian financial crisis, the polity entered a period of profound uncertainty from which it took years to recover.

We see a similar pattern in our three unsustainable African cases. In Côte d’Ivoire, the PDCI was a personal machine of Houphouët-Boigny, completely incapable of forcing a sensible resolution of the succession issue, and generating an elite group of politicians who subsequently put their personal ambitions ahead of the collective interest, a trend illustrated when Alusane Ouattara failed to accept Bedié’s constitutional right to succession, and when Bedié flouted PDCI rules to accept the party leadership by acclamation. In Kenya, Kenyatta downgraded KANU to the extent that it was described as 'practically dead', and when Moi later revived it, it was as an instrument of purely personal rule. Likewise, Banda's MCP in Malawi was completely beholden to Banda, proclaimed him 'President for Life', and showed no interest or ability in replacing him when his faculties waned and the administration became paralyzed by uncertainty over the succession. Nor did any of these countries have a civil service comparable in strength to Thailand, where attempts to rationalize the administration began as early as the mid-nineteenth century. Although technocratic institutions in Côte d'Ivoire, Malawi, and Kenya functioned well for a while, it appears in retrospect that they were overly dependent, in the former two cases, on expatriate expertise, and in the third, on the Kikuyu. When Africanization accelerated, or when the Presidential hand on the tiller weakened or went astray, they quickly went off course. We should also note that Thailand was probably assisted by its comparatively homogenous ethnic geography and unified elite.

Timing, and the unusual case of Cameroon

Cameroon, however, presents a conundrum, as it appears to lack any of these characteristics. Ahidjo's regime was a personalistic, autocratic regime *par excellence*. His political party, the UNC was his own personal instrument, and, as Jackson and Rosberg opine, he had appropriated the state. And although Ahidjo had taken pains to try and create a culture or ideology of national unity, the lack of embeddedness to his reign should lead us to predict a severe succession crisis. The fact that growth was sustained, albeit for only five years, means we must look elsewhere for explanations.

The only feature that Cameroon has in common with the other five sustainable growth regimes that might plausibly be related to the combination of growth with succession, is the timing of the transition. In all the cases considered above, the handover of power took place during a period of growth. As Harold Crouch noted in connection with Indonesia, it is easy to imagine that political successions are simpler to manage in a context of growth than of contraction, since the latter tends to make political conflicts more difficult to manage (Crouch 1988).

Is it possible that institutionalization is nothing and timing is everything? We have seen that Suharto did not leave power until the economy had entered a profound crisis. Also, in Côte d'Ivoire and Malawi, the economy had been through a long period of depression before transitions took place. Is it possible that had Suharto, Banda, and Houphouët handed over power sooner, their economic crises would not have occurred, or at least have been less severe? Naturally, this is a difficult question, but to begin to answer it we can ask whether there was an obvious alternative leader-in-waiting who might have continued the job; someone with the skills, drive, and legitimacy to continue in their predecessor's footsteps. Unfortunately there are no obvious contenders, and this may be an inevitable consequence of autocratic systems, in which those with the ability to replace the ruler are systematically undermined. Even where a ruler attempts to groom a protégé, as did Suharto with Sudharmono, the divide and rule system is likely to have generated so much pent-up ambition and resentment, that a presidential nominee will be vulnerable to colleagues' political revenge.

A look at the Kenyan case is instructive here. Serious discussion of the succession began in 1977, when growth was 9%. Kenyatta died the following year, but growth remained at 6.9%. The following year it was 7.6%, but then it began progressively to decline, to 5.6% in 1980, 3.8% in 1981, and just 1.5% in 1982. Doubtless the contraction was partly caused by changes in the external environment; but it was also at least in part a symptom of Moi's reorientation of the political economy to his short-term survival. This in turn was caused by the fact that Moi lacked broad-based legitimacy within KANU, which was itself a symptom of the latter's weak and non-collegial nature.

In fact, a closer look at Cameroon suggests that it may be a 'false positive'. If the transition had taken place just six months earlier, we would be classifying Cameroon as an unsustainable rather than a sustainable high growth regime. As we have seen, the succession of Paul Biya was quickly followed by a plot, a treason trial, and an attempted coup. Biya then accelerated the use of economic resources for patronage purposes, with a deleterious effect on public administration. Economic problems began to accumulate, and economic growth collapsed five years after Biya took power.

We hypothesize that the only reason growth did not collapse sooner was that the economy was predominantly driven by oil, the price of which was at historically high levels. Since investments in oil tend to be bulky, and since oil production tends to take place within economic enclaves, they are less likely than other investments to be affected by changes in political leadership.

At most, the Cameroon case suggests that if the timing of a handover occurs during a period of growth, and if growth is based on enclave investments, it may be sustained across a transition. For growth to outlive short-run booms in international commodity prices, we suggest, the fundamental condition for succession with growth, namely policy embeddedness, must be secured.

While on the subject of the international economy, it seems an appropriate point at which to discuss the external environment, or 'neighbourhood effects'? It is noteworthy that in our three unsustainable African cases—and Cameroon—growth collapsed during the 1980s, when changes in the international economy exposed some of the weaknesses of African economies and they became subject to often ill-conceived structural adjustment policies. Also in Indonesia, growth collapsed in the context of a regional economic crisis, while in Thailand and Malaysia, previously strong growth collapsed and has not since regained its former levels. By contrast, Mozambique did not begin its growth phase until after the 1980s, while Vietnam and Laos, also late starters, were less exposed to the East Asian crisis than their ASEAN colleagues.

It is hard to escape the conclusion that unfavourable external conditions played a role in making political successions more or less more fraught, but we do not believe that external conditions alone can explain why some high growth episodes survived while other perished. It seems to us to be no coincidence that of all the Southeast Asian economies Indonesia, with the least institutional embeddedness, should fall the furthest, and take the longest time to recover. In Indonesia in 1998 the economy contracted by 13% and averaged under 3% growth over the next two years. In Thailand, the economy contracted by 10% and the government also fell, but in 1999 and 2000, it managed more than 4% annual growth. In Malaysia, Dr Mahathir survived the crisis, and between 1999 and 2000, the economy bounced back to more than 7% growth, although this was later to fall. In Vietnam, meanwhile, growth fell from over 8% to 5.6%, a fact that helped push Communist party General Secretary La Khieu Pheu from power. But annual growth subsequently recovered to the extent that it exceeded 7% for the 1990s overall.

The East Asian crisis, in our view, was an extraordinary event in which the credible commitments provided by governments to investors evaporated amidst widespread panic. Once sanity had been restored, investors returned to those countries where commitments were more credible, namely, those where policy was embedded in strong institutions. More support comes from the case of Mozambique. Investors generally had an aversion to African economies in the 1980s, but following the death of Machel in 1986, growth accelerated to over 7%.[19] This trend continued throughout the 1990s, a decade in which African developing country growth overall was less than 2.5%.

To this evidence, we can add a discussion of counterfactuals. Is it not probable that if Golkar in the 1990s had been a political party like UMNO in the 1960s, then at the onset of the East Asian financial crisis, if not on numerous occasions previous to that, Suharto would have received a tap on the shoulder from close colleagues and been told he had to go, thereby limiting the extent of the damage? Is it not probable that had the Vietnamese Communist Party been an apparatus of purely personalized rule, then the combination of succession with recession would have made growth fall much further? Is it not likely that the political successions in Malawi and Côte d'Ivoire would have been traumatic and economically damaging even if they had occurred in an international climate that was clement?

Finally under the heading of timing, we can examine the age of the leadership. In our sustainable growth regimes, the average age of the leadership upon the first transfer of power was 68 years. In unsustainable growth regimes, it was 86! Even if this figure is inflated by the advanced age of Kamuzu Banda in Malawi, it remains the case that all of the negative cases, bar Cameroon, had political leaders who hung on to power until they were past 75. The only positive cases where leaders were over 75 were Laos and Vietnam, and here it may have made a difference that power structures were more collegial.

[19] Doubtless growth figures in Mozambique were complicated by war, drought, the timing of economic reforms etc—but we still find this fact salient.

Table 2: Growth with succession: non-crucial conditions

Country growth phase	'Golden thread'	Ethnic homogeneity	Economy growing?	Favourable external environment	Leader under 75	Growth with succession
Malaysia 1966-84	✗	✗	✓	✓	✓	✓
Vietnam 1988-2010	✗	✓	✓	✓	✗	✓
Laos 1999-2010	✗	✗	✓	✓	✗	✓
Mozambique 1997-2010	✗	✗	✓	✗	✓	✓
Thailand 1961-98	✗	✓	✓	✓	✓	✓
Cameroon 1974-87	✗	✗	✓	✓	✓	✓
Indonesia 1968-97	✗	✗	✗	✗	✗	✗
Côte d'Ivoire 1961-81	✗	✗	✗	✗	✗	✗
Malawi 1965-74	✗	✗	✗	✗	✗	✗
Kenya 1963-80	✗	✗	✓	✗	✗	✗

Key: ✓ Condition present
✗ Condition absent

Table 3: Growth with succession: crucial conditions

Country growth phase	Pro-market mixed economy	Intermediate systemic vulnerability	Strong consensual party	Organic insulated bureaucracy	Growth with succession
Malaysia 1961-84	✓	✓	✓	✗	✓
Vietnam 1988-2010	✓	✓	✓	✗	✓
Laos 1999-2010	✓	✓	✓	✗	✓
Mozambique 1997-2010	✓	✓	✓	✗	✓
Thailand 1961-98	✓	✓	✗	✓	✓
Cameroon 1974-87	✓	✗	✗	✗	✓
Indonesia 1968-97	✓	✓	✗	✗	✗
Côte d'Ivoire 1961-81	✓	✗	✗	✗	✗
Malawi 1965-74	✓	✗	✗	✗	✗
Kenya 1963-80	✓	✓	✗	✗	✗

Key: ✓ Condition present
✗ Condition absent

7 Conclusions

To recap, our study has shown that economic growth in Africa and Southeast Asia was more likely to be sustained across leadership successions if the country was located in Southeast Asia, if it had a fairly homogenous ethnic structure, and if the state had its roots in an identifiable pre-colonial political formation. It was also more likely to sustain growth if the external economic environment was favourable, if the economy was growing and if the leader was under 75 when he handed over power. However, for all these conditions there were exceptions, which leads us to think of them as contributing, not crucial conditions.

Our study has also identified a combination of three conditions that were present across all the regimes that combined succession with growth, and absent from the ones where succession was associated with a collapse of growth. First, all experienced what political scientists have described as an intermediate level of 'systemic vulnerability', which presumably propelled the desire for high growth. Second, all had a policy package that fostered growth, namely one that was broadly pro-market and pro-foreign-investment (although combined with industrial policy and substantial state involvement in the economy). And third, all embedded policy-making in strong institutions of two specific types:

1. a strong party with a tradition of consensual decision-making and leadership succession, or
2. a strong, organic bureaucracy, effectively insulated from changes in political leadership

Inclusive institutions, or a 'golden thread' linking the rule of law, the absence of conflict and corruption, and the presence of property rights, were not significant, except perhaps by their absence.

Thinking in typological-theoretical terms, we can say that some states, either because of perceived threat levels, or because of the vision of their leaders, or both, find the requisite policies and institutions for creating high growth. Some of those states also have strong, consensual political parties, in which there is established a clear convention governing the process of political succession. In such cases, growth will be sustained across leadership successions. In another type of state, there is no strong and consensual party, but there is a strong, historically embedded technocracy insulated from the political process. In these states too, growth with succession is attained. In a third type of state, the initial conditions for growth are there, but there is neither a strong consensual party nor a historically embedded and insulated technocracy. Succession with growth will not occur.

Other factors like ethnic geography, the age of the leadership, external factors and the timing of the transition, play a role in particular country contexts—but they are contributing causes and have no *general* explanatory power.

These findings have important implications for some of our previous research on the phenomenon known as 'developmental patrimonialism' (Kelsall 2011a, 2011b; Kelsall 2013). We argued in that work that contrary to received wisdom, the historical record showed that neo-patrimonial regimes were capable of strong growth for upwards of a decade, provided certain conditions related to rent-management held. However, we expressed skepticism over whether growth could be maintained across political successions. This paper has confirmed that skepticism. Neo-patrimonial regimes of a fairly pure type, that is, ones characterized by highly personalized autocracy, are not suitable to sustaining growth.

What does this tell us about current regimes in contemporary Africa that are growing rapidly but have yet to undergo a political succession?

Ethiopia, which, following a war with Eritrea at the end of the 1990s, has been growing strongly for around a decade now, has recently undergone a political succession following the death of Prime Minister Meles Zenawi. It has come at a time when the global economy is quite depressed and following a couple of years of drought, both of which have contributed to a previously conservative fiscal and monetary policy coming unstuck. The situation is one of quite serious internal and external threat, and a leadership embedded in a strong political party—the TPLF—with a shared history of military struggle against the previous military regime. The TPLF has managed in the past to pull off an orderly leadership succession, and although this was rather conflictual, there are reasons to think that it will do so again. Matters are complicated, however, by the fact that the TPLF is itself nested within a broader ethnic coalition within which such traditions may not hold. Nevertheless, on balance of probabilities, we expect Ethiopia to pull off a transition with growth.

Since the genocide of 1994 and the Presidency of Paul Kagame in 2000, Rwanda has had a fiscally conservative, pro-growth policy. As in Ethiopia, the President leads a party with a long tradition of exile and military struggle. We do not know whether a succession convention is being cultivated, but there seems every likelihood that it is. This is likely to be consolidated by the fact that the regime faces severe resource shortages and internal and external threats. The prospects for succession with growth in Rwanda are thus very good.

The situation is different if parties are less consensual. Since taking power through his National Resistance Army, and especially since the democratization of the party system, Uganda's 68-year old President Museveni has increasingly personalized power within the ruling NRM. The country faces a serious internal threat in the shape of the Lord's Resistance Army and other potentially violent ethnic movements, but external threats are quite mild, while the recent discovery of oil has eased the resource constraint. Although pro-growth policy has been orthodox to date, the prospects for succession with growth—and the succession issue is already raising its ugly head—appear poor.

Following the end of a civil war in 2002, Angola has been growing extremely rapidly. It faces an intermediate level of internal threat, negligible external threat, and resource abundance. 70-year old Eduardo dos Santos's MPLA, although born of a history of struggle, appears quite personalized (Vines and Weimer 2011). If this is indeed the case, the prospects for succession with growth are poor.

In countries where there already exists a strong political party with a consensual tradition and conventions governing political succession, policy-makers who have growth at the top of their agenda would be well advised not to upset the balance of power. But is there anything that countries like Uganda and Angola can do to improve the probability of a successful transition there? One possibility is for leaders currently in power to take advantage of favourable economic conditions to institutionalize a more collegial form of rule, before bowing out gracefully. A successor chosen by robust party processes is likely to be broadly legitimate, and should not have to divert too many economic resources to short-term political survival. Unfortunately, there are no existing examples of this occurring in Southeast Asia or Africa. Autocratic rulers are generally wary of the succession issue, fearing that the merest discussion of it may provoke instability. Alternatively, they try to install a relative, or a stooge. Nevertheless, history shows that suppressing the succession issue is inadvisable from a country's point of view. Although the prognosis is rather bleak, there may still be a role for development partners in encouraging political and economic actors to think about what institutions could supply credible commitments for investors in a context of transition. As the preceding analysis has shown, these need not be of an Anglo-American form. Where ruling parties are very strong, albeit personalized, the emphasis might be on making them more collegial and consensual. Where political parties are actually rather weak, strengthening and insulating the bureaucracy might be an alternative option, especially if as in Thailand there is a supportive national culture. By contrast, in states where some amount of ethno-political fragmentation seems inevitable, more novel, perhaps consociational solutions, need to be found.

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