Developmental Regimes in Africa
Initiating & sustaining developmental regimes in Africa

A joint initiative between *Africa Power and Politics (APPP)* and *Tracking Development*

Policy Brief 03
January 2013

The succession trap:
high growth Africa and the pitfalls of leadership change

Tim Kelsall[1]

Sub-Saharan Africa is now the world's fastest growing region, with predictions that in the next decade seven out of 10 of the world's most expansionary economies will be African. This is not the first time, however, that African economies have proved dynamic. They grew respectably between 1960 and 1974, and a handful posted extremely rapid growth rates. This growth was not sustained, however; a result, in part, of problems related to leadership succession.[2]

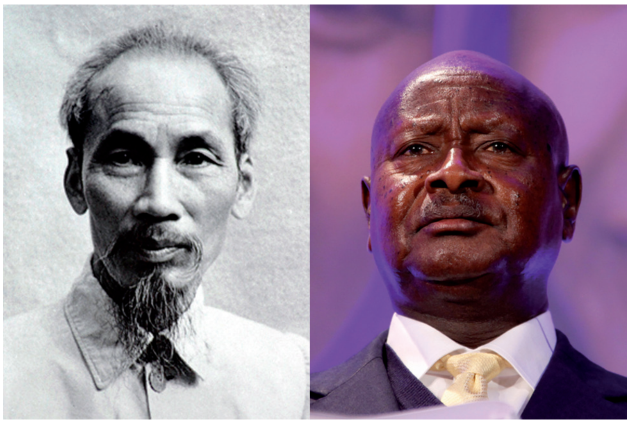
Since the succession issue is raising its head in several of today's 'lion' economies, including Angola, Ethiopia, Rwanda and Uganda, this policy brief examines comparative evidence from two regions, sub-Saharan Africa and Southeast Asia, to answer the question: 'Under what conditions does high economic growth survive leadership succession?'[3]

We find that countries that succeed in combining high growth with succession have one of two distinct characteristics:

- a dominant political party with a consensual decision-making tradition, or
- an organic bureaucracy insulated from the political process.

Why does succession affect growth?

Economic growth requires political leaders to make credible commitments that establish *de facto* property rights – only then will investors be confident that their assets will not be expropriated or undermined. In the early stages of economic growth, a precedent of 'responsible behaviour' on the part of the leadership may generate such confidence. But what happens when the political leadership changes? Obviously, confidence can drop, amid uncertainty over whether the new leadership will honour old commitments.



Vietnam's Ho Chi Minh built a strong consensual party with a succession tradition; Uganda's Museveni hasn't. Photos: Public domain (l), Russell Watkins/DFID (r)

In 17th century England, such uncertainty was reduced when leaders accepted formal checks on power that limited their ability to renege on old commitments.[4] That experience has inspired much current advice on strengthening legislatures and legal systems in the developing world, not to mention currently fashionable ideas 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'.[5]

However, our own research shows that in Asia and Africa today, credible commitments are more likely to be provided by strong political parties or, more rarely, insulated bureaucracies.

Our method

Our study identified medium or large countries in sub-Saharan Africa and Southeast Asia that had experienced high growth for a decade or more since 1960.[6] We then focused on those that had also

Table 1: Growth with succession: crucial and non-crucial conditions

Country growth phase/variable	Growth with succession	'Golden thread'	Ethnic homogeneity	Economy growing?	Favourable external environment	Leader under 75	Pro-market mixed economy	Intermediate systemic vulnerability	Strong consensual party	Organic insulated bureaucracy
Malaysia 1966-84	●	○	○	●	●	●	●	●	●	○
Vietnam 1988-2010	●	○	●	●	●	○	●	●	●	○
Laos 1999-2010	●	○	○	●	●	○	●	●	●	○
Mozambique 1997-2010	●	○	○	●	○	●	●	●	●	○
Thailand 1961-98	●	○	●	●	●	●	●	●	○	●
Indonesia 1968-97	○	○	○	○	○	○	●	●	○	○
Côte d'Ivoire 1961-81	○	○	○	○	○	○	●	○	○	○
Malawi 1965-74	○	○	○	○	○	○	●	○	○	○
Kenya 1963-80	○	○	○	●	○	○	●	●	○	○

Key:
● Condition present
○ Condition absent
Condition significant only by its absence
Non-crucial condition
Crucial condition

Note: As a 'false positive', Cameroon has been omitted from this table.

experienced a leadership succession before, during or after this period, namely Cameroon, Côte d'Ivoire, Indonesia, Kenya, Laos, Malaysia, Malawi, Mozambique, Thailand, and Vietnam. Informed by current theories of economic growth, as well as the literature on political succession, we then combined historical analysis with systematic comparison to tease out the factors uniting those countries that combined high growth with leadership succession, and distinguishing those where succession, or concerns about succession, was associated with economic decline.

The results provide pointers for policy-makers into the probable future trajectories of today's fast-growing states, as well as insight into where they might leverage change.

What were the crucial conditions?

First, let us talk about conditions that were not significant: 'inclusive institutions' or a 'golden thread'. Although institutions in the successful countries were strong, they were not inclusive or free from corruption. Three out of five of the sustainable growth regimes were either military regimes or one-party states for most of their high-growth periods. Only Malaysia and Mozambique have been multi-party democracies for most of their growth phase, and even these have been characterized by dominant ruling parties and uneven political playing fields. Regardless of regime type, the rule of law has been weak in most countries, property rights have been enforceable through the courts to varying degrees, and levels of cronyism and corruption have been high.

> "neither 'inclusive institutions' nor a 'golden thread' was significant.

Next, we can identify conditions that mattered in some cases but not all. Growth was more likely to be sustained through succession if leaders handed over power before the age of 75, if the country had a fairly homogenous ethnic structure, if the state had its roots in an identifiable pre-colonial political formation, and if the external economic environment was favourable. However, there were exceptions across the board, which means they are contributing, not crucial, conditions, as shown in Table 1.

Finally, we can identify a combination of three conditions that were present across all the regimes that combined succession with growth. First, leaders were motivated to search for high growth to stave off perceived threats to their survival from external aggression, popular mobilization, and/or resource scarcity.[7] Second, all had a broadly pro-market and pro-foreign investment policy package, although all retained substantial state involvement in the economy. Third, as indicated above, all the successful regimes embedded policy-making in strong institutions of one or other of two specific types:

- a strong party with a tradition of consensual decision-making and leadership succession, or
- a strong, organic bureaucracy, effectively insulated from changes in political leadership.[8]

Examples

Malaysia provides a good example of the first type. Between 1966 and 1984, annual growth averaged 7.17%. Motivated by the threat of communism and domination by ethnic Chinese, in 1947 the Malay political leadership united under Dato Onn, known as the 'Gandhi of Johore' in the United Malays National Organisation (UMNO).[9]

A tradition of orderly leadership succession was established as early as 1951 when Onn resigned from the party, having alienated colleagues over the issue of multi-racialism. That he was not ousted owed much to a Malay tradition of subservience to authority, adopted as political ideology by the party elite. Equally, when Onn's successor Abdul Rahman lost colleagues' support following anti-Chinese riots in 1969, he too stepped down with dignity, transferring power to his deputy, Tun Abdul Razak. When Abdul Razak died in 1976, he was succeeded without incident by *his* deputy, Hussein Onn.

The embedding of Malay leaders in a robust party with established succession traditions reassured investors that, whatever the changes at the top, a broad commitment to private enterprise and sound economic management would be sustained.

Mozambique is another example. The country experienced growth of 7.83% between 1997 and 2010, despite a change of leadership in the ruling Liberation Front of Mozambique (FRELIMO). The party was formed in opposition to Portuguese rule in 1962 by an elite group of assimilated Africans. A tradition of orderly succession was established in 1969, when Eduardo Mondlane, FRELIMO's founding president, was killed by a parcel bomb. Although party vice-president Uria T. Simango was appointed successor at a meeting of the Executive Committee, this decision was overturned by FRELIMO's more powerful Central Committee, with Samora Machel becoming President. When Machel died in a plane crash in 1986, the Central Committee nominated Joaquim Chissano as President. In 2002, Chissano announced that he would not contest the next Presidential election, and the party congress nominated Armando Guebuza to succeed him.

Like all political parties, FRELIMO has its tensions, but these are muted by an 'enduring sense of mutual loyalty […] and internal cohesion'.[10] Forged during the liberation war, unity has been maintained

> “ ***sustainable growth regimes had strong ruling parties with consensual traditions.***

even though FRELIMO has abandoned its historic commitment to socialism and taken measures to encourage private enterprise. A stream of investments has followed.

Malaysia and Mozambique, together with Laos and Vietnam, contrast with countries such as Côte d'Ivoire, Indonesia, Kenya, and Malawi, which have not sustained strong growth.

Take Indonesia. Under General Suharto's Golkar party, its economy grew at 7.2% a year between 1972 and 1997. But Golkar was not a robust party with a tradition of consensual decision-making: it was a front for Suharto's personal power with no consensus over a fitting successor. Suharto's technocrats were mostly co-opted from external institutions, not rooted organically in a strong civil service that could withstand a leadership change. When the East Asian crisis of 1997 exposed Indonesia's economic weaknesses, Suharto's allies deserted him – leaving no credible alternative to his rule. Although he resigned in 1998, it was years before political and economic stability returned.

Kenya is a comparable African case. The economy grew at more than 7% annually between 1963 and 1978 under Jomo Kenyatta's Kenya African National Union (KANU) party. As an institution, however, KANU was moribund, with Kenyatta ruling through personal networks and the administration. When Kenyatta's health began to fail in 1977, the Attorney General proclaimed that discussion of the succession was treason, and Vice-President Daniel arap Moi acceded to power as per the constitution the following year. However, he lacked a political base, and tried to undermine Kenyatta's old allies in the party and administration, transforming KANU into his own instrument of personal rule. The effect was to destabilize the economy, and after two years the growth rate fell, averaging less than half that achieved by the previous regime.

A similar pattern can be seen in Cameroon – ostensibly a success story but actually another unsustainable case. Here Ahmadou Ahidjo ran the country as his personal fiefdom from Independence to 1982. Growth took off in 1974, but his successor

Paul Biya soon undermined Ahidjo's power base in a way that damaged the economy. Although oil prices kept growth high until 1987, overall growth under Biya (1982-2010) was a disappointing 2.3%.

Our only country without a robust ruling party that managed to sustain growth across leadership successions is Thailand. Between 1961 and 1998 growth averaged more than 7%, notwithstanding more than 15 leadership changes, as power oscillated between military factions and weak civilian parties. Predictability amid instability was provided by a bureaucracy with roots in the 19th century, which was strengthened further in the 1950s. Continuity in the mission and personnel of these institutions gave domestic and international investors confidence, despite a bewildering number of political successions.[11]

Growth and succession in contemporary Africa

Of the four fast-growing African 'lions' mentioned earlier – Angola, Ethiopia, Rwanda and Uganda – all are ruled by dominant 'liberation struggle' parties. As in Mozambique, such parties are more likely to enjoy the kinds of decision-making that facilitate orderly transition. Indeed, Ethiopia has recently undergone a smooth succession, and the prospects for Rwanda also appear good, although more research is needed on both. In Angola and Uganda, however, leaders are older, external threats are less severe, and despite their post-liberation history, power is more personalised. It is conceivable that Eduardo dos Santos and Yoweri Museveni will voluntarily take steps to strengthen their parties and ensure a legitimate succession, or else strengthen and insulate their technocracies from succession-related fallout – but history provides no precedents.

Policy implications

In high-growth neo-patrimonial states like Angola and Uganda, there may be a role for development partners in encouraging political and economic actors to consider what institutions could supply credible commitments for investors in a context of transition. But as the preceding analysis has shown, these institutions need not take 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, an alternative option would be to strengthen and insulate the bureaucracy. By contrast, in countries that already have strong political parties with consensual traditions and conventions governing political succession, policy-makers with growth at the top of their agenda would be well advised not to upset their hegemony.

References

1. Associate of the Developmental Regimes in Africa (DRA) Project (www.institutions-africa.org).
2. For more details, see T. Kelsall, *Business, Politics, and the State in Africa: Questioning the Orthodoxies on Growth and Transformation*, Zed Books 2013.
3. For full details of the research, see T. Kelsall, *Economic Growth and Political Succession: A Study of Two Regions*, Working Paper 01, DRA Project.
4. D.C. North and B.R. Weingast, 'Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth Century England', *Journal of Economic History*, XLIX(4), 1989: 803-32.
5. See Daron Acemoglu and J.A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, Profile Books 2012, and David Cameron, 'Combating Poverty at Its Roots', *Wall Street Journal Online Edition*, 1 Nov 2012.
6. We excluded countries with a population of under five million (e.g. Botswana) and countries where a portion of the growth phase could be accounted for by a peace dividend (e.g. Ethiopia, Myanmar). We defined high growth as growth of at least 7% per annum.
7. R.F. Doner, B.K. Ritchie, and D. Slater, 'Systemic Vulnerability and the Origins of Developmental States: Northeast and Southeast Asia in Comparative Perspective', *International Organization*, 59(2), 2005: 327-61.
8. Cameroon is an exception to this pattern.
9. H. Singh, 'Tradition, UMNO and Political Succession in Malaysia', *Third World Quarterly*, 19(2), 1998: 241-54.
10. J. Sumich and J. Honwana, *Strong Party, Weak State? Frelimo and State Survival through the Mozambican Civil War: An Analytical Narrative on State-Making* Working Paper 23, Crisis States Research Centre, London School of Economics, 2007.
11. Our analysis owes much to A.R. Raquiza, *State Structure, Policy Formation, and Economic Development in Southeast Asia: The Political Economy of Thailand and the Philippines*, Kindle Edition, Routledge 2012.

Africa power and politics

TRACKING DEVELOPMENT

Initiating and sustaining developmental regimes in Africa is funded by the Netherlands Ministry of Foreign Affairs. The views expressed in material published by the Developmental Regimes in Africa project are those of the authors and should not be attributed to its funders.

Developmental Regimes in Africa (DRA)
Overseas Development Institute
203 Blackfriars Road
London SE1 8NJ, UK
T: +44 (0) 20 7922 0300
E: info@institutions-africa.org