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# Developmental patrimonialism? Questioning the orthodoxy on political governance and economic progress in Africa

Tim Kelsall and David Booth,  
with Diana Cammack and Frederick Golooba-Mutebi\*

*The relationship between neo-patrimonialism and development seems more complex than is allowed for in either orthodox policy advice on ‘good governance’ or the standard political science accounts. This paper explores the range of historical and current experience among African political regimes, with particular reference to seven countries of Middle Africa. Drawing inspiration from literature on Asia, it proposes a way of getting to grips analytically with the diversity of African experience by setting out some elements of a typological theory about regimes and development performance. This centres on two aspects of the way rents are managed under different regimes: the degree of centralisation and the length of the time-horizon. The strengths and limitations of the particular type termed ‘developmental patrimonialism’ are discussed in relation to various periods in the history of Côte d’Ivoire, Malawi, Kenya, Rwanda and Tanzania. Issues for further research are identified.*

## 1 Introduction

Development depends on getting institutions right. But what are the right institutions for countries at different developmental stages? Standard policy advice for sub-Saharan Africa continues to answer this question unhesitatingly. Irrespective of context or period, it encourages countries to adopt a familiar set of institutional arrangements thought to provide an optimal enabling environment for markets and private investment. A standard package is advocated, consisting of sound macroeconomic management, transparent public spending plans, clear and secure property rights, judicial independence and the rule of law, democratic elections, light-touch investment facilitation and formally constituted business associations. Implicitly and sometimes explicitly, the message is that what works well in industrialised democracies must be good for Africa too.

Increasing numbers of academic specialists express reservations about the bald universalism of this approach (Chang, 2002; Evans, 2004; Greif, 2006; Khan, 2006; Rodrik, 2007; Everest-

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Phillips, 2008; Meisel and Aoudia, 2008; Moore and Schmitz, 2008; Future State, 2010).<sup>1</sup> But these doubts have had little influence on the world of policy, we believe for two reasons. First, policy guidelines in Africa are still in practice mainly the province of the development assistance community, and donor thinking is subject to binding ideological constraints. Where such matters as private property and democracy are concerned, there is a default position with which it is difficult if not impossible to argue. Second, and of more immediate interest to this paper, institutional universalism continues at least in appearance to be underpinned by various bodies of social scientific research.

One source of such apparent endorsement is statistical and historical studies of trends in economic and political governance institutions in global cross-country terms or over the very long term (Kaufmann et al., 1999; Acemoglu et al., 2005; North et al., 2009). These tend to show clearly enough that economic and political institutions of the North Atlantic type are causally linked to high economic living standards over the full span of world history, leading the unwary to conclude that they are universally valid in the shorter run at all stages of development. The argument to the contrary has been well made by Khan (2006) and others in the list above.

An equally significant prop of the policy orthodoxy is the mainstream political science explanation for Africa's disappointing development performance. This attributes the African development malaise to a syndrome of ailments associated with what analysts – adapting the language of the sociologist Max Weber – call 'neo-patrimonial' governance. Neo-patrimonial systems are markedly personalistic and clientelistic. Governments of men, not of laws, they are associated in the literature with high levels of rent-seeking, corruption, waste, authoritarianism, arbitrariness and political instability (Jackson and Rosberg, 1982; Hyden, 1983; Sandbrook, 1985; Diamond, 1987; Joseph, 1987).<sup>2</sup> Singly or jointly, these symptoms undermine the economic predictability and security required for long term capitalist investment, and help explain Africa's lack of sustained growth and structural change (Callaghy, 1988).

The neo-Weberian account is not intrinsically wrong. However, in its usual form it describes a 'modal pattern',<sup>3</sup> with little attention to variation or detail. There is little sense that some types of neo-patrimonialism may be better for development than others, and few clues are given about the sequence by which an economy might transition from neo-patrimonial to more 'legal-rational' mode. As a consequence, it lends itself to simplistic understanding and misleading policy implications. We argue in this paper that our understanding of these important issues can be refined by engagement with two bodies of knowledge: the first consists in analyses of the development experience in Asia, and the second describes the diversity of African experience itself.

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<sup>1</sup> A previous generation of research findings on the 'developmental states' set the stage for these doubts by documenting the extent to which successful industrialisation in East Asia followed a pattern differing from current Western yardsticks of sound public policy for development (Amsden, 1985; Wade, 1990; Evans, 1995).

<sup>2</sup> On the matter of rent-seeking, and its damaging economic effects, the neo-Weberian literature strikes a chord with the new political economy approaches of Krueger (1974) and Bates (1981a; 1988).

<sup>3</sup> The phrase is borrowed from comparative studies of political regimes in Latin America, beginning with Malloy (1977).

In 1960 most African countries had per capita incomes that were higher than those of East Asian nations. In subsequent decades, however, African incomes have grown only very slowly or stagnated, while in several East Asian and South-East Asian countries, per capita incomes have raced ahead. If the orthodox argument about African development were correct, we should expect to find that these Asian countries, having grown so rapidly, have been free of neo-patrimonial traits. In fact, the opposite is true. Democracy has been weak, large areas of the bureaucracy have been personalised, and rent-seeking and corruption have flourished – in short, South-East Asian governance has been neo-patrimonial – even during periods of very rapid economic growth. The record also shows significant variation in African growth experience despite the norm of neo-patrimonialism: in the 1960s and 1970s a few countries witnessed rapid development of the productive forces for periods upward of a decade, while others slipped backwards.

If this is right, the relationship between neo-patrimonialism and development seems more complex than the orthodox account allows. In this paper we explore this relationship further with a view to strengthening our understanding of the institutional conditions for African development. It proceeds in three steps. We start in Section 2 by showing in somewhat greater detail how evidence from Asia, as well as some unorthodox African perspectives, suggests the need for a rethink of neo-Weberian analysis. It is not neo-patrimonialism *per se* that is bad for investment and growth, this shows, but rather the specific form that neo-patrimonialism often takes. Particularly crucial, it seems, is the way in which clientelism is bound up with the creation, utilisation, and distribution of economic rents, and whether this occurs in an organised, or unorganised way.

In Section 3, we discuss more fully how to conceptualise and validate this proposition. We offer the conjecture that differences in the way clientelism is organised explain a rather large proportion of the variation in some of the main proximate determinants of development success across African states and regimes. This is illustrated, in the fourth section of the paper, by examples drawn from a case-set of political regimes in seven, resource-poor, tropical African countries. Section 5 concludes.

It is important to stress before beginning that we do not believe the organisation of clientelism to be the *only* important variable determining differential economic performance, merely a central one. Other work under the current research programme, which examines in more detail the role of technocracy, political inclusion, and succession crises, is ongoing. Policy is also an important variable, which we touch upon briefly here.<sup>4</sup> Thus we do not yet have a fully-fledged theory of ‘developmental patrimonialism’. Nevertheless, the findings are already sufficient, we think, to suggest that state-builders and policy-makers should be open to institutional relationships other than those conventionally associated with good governance and a sound business climate, when looking to foster poverty-reducing economic growth.

## **2 Mainstream African analyses through an Asian lens**

Mainstream analyses of Africa’s economic malaise frequently point to the authoritarian, personalistic, opaque, corrupt nature of its governance, all of which appear to offer good reasons for why investment and growth are low. Perplexingly, however, similar assessments could be

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<sup>4</sup> A foretaste of this work can be found in Kelsall and Booth (2009).

made of several Asian countries, including Indonesia, Malaysia, Vietnam, and Thailand, which have crossed, or are about to cross, the threshold from low to middle income status.<sup>5</sup> What makes Asian countries different? In the next section we offer an interpretation that focuses on the role of rent creation and patron client networks. We focus here on Indonesia, although we believe the Malaysian, and possibly the Vietnamese experience also fit this pattern.<sup>6</sup>

Indonesia's first decade of independence, under the 'Guided Democracy' of President Sukarno, was a period of political chaos and economic mismanagement that rivalled the worst periods of misrule on the African continent. In 1966, the army took control amidst anarchy, subduing the population and physically exterminating the communist opposition. Now in the ascendancy, General Suharto began to fashion a stable state based not on Weberian legal-rational bureaucracy, but on personal exchanges of rent-seeking opportunities between himself, the military, and business. 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). Banks, including the central bank, were directed to provide subsidies and bailouts to ailing firms, money was skimmed from oil receipts, donor funds were subject to creative accounting processes, and private firms and businessmen were tapped for contributions that might reach hundreds of millions of dollars. All of this provided individuals in the state apparatus, most notably Suharto himself, huge discretionary funds to finance political operations, fund industrial projects of dubious merit, and finance counter-cyclical macroeconomic smoothing (MacIntyre, 2000).<sup>7</sup>

But in spite of all this rent-seeking, waste, and corruption, firms prospered and the economy grew. Take for instance the Salim Group. Its founder, Liem Sioe Liong, began life as a merchant and trader, moving into cotton spinning, weaving, and flour milling with encouragement from the government's ISI policies. During the second phase of ISI he diversified into cement and steel. When the government began to promote export-oriented industrialization in the 1980s, Liong reduced or liquidated investments in cement and steel, and moved instead into exporting sports shoes, toys, garments, leather goods, and agro-exports (Rock, 1999: 698). A similar story could be told for William Soeryadjaya's Astra Group, another merchant who got into auto-assembly during first-phase ISI, then moved into component parts, and then, via partnerships with Japanese multinationals, began exporting batteries, spark plugs, Toyota engines, and forklift frames (Rock, 1999: 698). The paper industry provides another example. It developed rapidly in the 1970s behind high tariffs and subsidized energy costs, operating at this stage inside the global technological frontier. By the mid-1980s, however, large tracts of tropical hardwood were made available to investors, and, with the help of political connections and state subsidies, the large conglomerates then invested

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<sup>5</sup> One could even say the same for South Korea during its phase of most rapid growth (Khan, 2000a; Kang, 2002).

<sup>6</sup> Thailand appears to be a rather different case, the significance of which we will refer to in due course (Khan, 2000a; 2010).

<sup>7</sup> The management of some of these investments, like the \$5 bn steel plant at Krakatau, was notoriously poor (Crouch, 1979: 581).

in the most technologically advanced machinery, making Indonesia by the mid-1990s one of the largest paper manufacturers in the world (Van Dijk and Szirmai, 2006: 2139).

The Indonesian economic model was wasteful, politically repressive, and environmentally destructive, but its growth potential cannot be denied. Between 1966 and 1997, Indonesia was one of the fastest growing economies in the world. In the 1970s mining, agriculture, oil and timber all boomed. Between 1967 and 1975, with investment mainly from Japan, the manufacturing sector provided over 8 million jobs growing at more than 16% per year (Berger, 1997: 342, 350). Between 1965 and 1990, the country achieved self-sufficiency in rice, there were dramatic advances in basic education and literacy, and income per capita grew at 4.5% per year (Rock, 1999: 691). Poverty (using a \$1 a day indicator) declined from 64.3% in 1975 to 11.4% in 1995 (Dowling and Chin-Fang, 2008: 474). Agriculture's share in total production declined from 51% to 22% and the share of manufactures in GDP more than doubled; manufactured exports were worth \$21 billion in 1993 (Rock, 1999: 691). Indonesia thus appears to confirm the idea that, 'In the early stages, a patrimonial political structure need not be an obstacle to capitalist economic development' (Crouch, 1979: 579).

But why didn't bribery, corruption, and personalized distribution of favours in Suharto's Indonesia degenerate into the kind of downwardly spiralling free-for-all that has characterized so many African regimes, or indeed Indonesia under Sukarno? There are several reasons, important among which is the way that rent-seeking and corruption were organised. Andrew McIntyre suggests that we think of regulatory agencies and relevant state sections under Suharto as a unified or centrally coordinated monopoly for bribe-collecting. Monitoring and enforcement from the top was sufficiently strong that the centre was able to prevent regulatory agencies from acting independently, ensuring that a healthy share of bribes flowed upwards, with the remainder distributed proportionately at the coal face. Officials were unable to operate independently to maximize their own take. Thus, a firm seeking permits to open a factory, for example, could acquire secure property rights to the package of 'regulatory goods' it purchased, as soon as it had paid the requisite bribe (see also the discussion in Khan, 2000a: 118-139; MacIntyre, 2000: 265).

Compare this to a more decentralised situation where there are lots of competing agents, each trying to extract the maximum revenue possible. In this context political control is weaker and less centralized. There is a multitude of actors selling complementary regulatory goods. Because the political leadership is unable to exercise effective control, officials look to maximise their own take without regard for the effect on the economy overall. In this situation 'the firm purchasing all these government goods can never be sure it has secure property rights as any agency might subsequently seek to extract further bribes. The weaker the political leadership's control, the greater the scope for independent and un-coordinated extraction by officials pursuing their own individual interests' (MacIntyre, 2000: 265). MacIntyre concludes that this framework not only helps explain differences between the Sukarno and Suharto periods, but might also explain the economic successes of other centralised, corrupt, but high-growth regimes.

Insofar as this is a representative case – and we think it is – Indonesia suggests that Asian states have not necessarily been *less* patrimonial, rent-seeking or corrupt than their African counterparts. Rather, the difference is to be found in the *type* of patrimonialism they have employed. Thus, in Indonesia, the potential damage done by patrimonialism was limited by the

centralization of patronage, which ensured that while very great, clientelist pressures and corruption did not spin out of control.<sup>8</sup> Suharto took the view that regime survival and his own personal fortune depended upon long-term economic growth, so that when corrupt rents were extracted from the system, it was with a view to the long term.

This line of thinking does not rest solely on importing lessons of Asian experience to Africa, however. Some Africanist work has drawn attention to similar issues. For example, in an important article Chris Allen (1995) rejected the idea that all African countries had been equally dysfunctional, arguing that the more stable and successful economies had endured by introducing forms of centralised bureaucracy, which, while retaining clientelism, were by and large able to prevent competition for rents or spoils from assuming its most damaging form. Sandbrook (1985) recognized that rulers of exceptional skill, like Ivory Coast's Houphouët-Boigny, had been able to prevent the personalized state's characteristic downward slide. Richard Crook (1989) went so far as to coin the term 'developmental patrimonialism' in that connection. Even Jackson and Rosberg (1982) recognized that personal rule had brought political stability to large parts of Africa for significant periods of time.<sup>9</sup>

### 3 Concepts for analysing African diversity

Using the Asian literature to fertilise our thinking, we present in this section what we believe is a more useful model for thinking about neo-patrimonialism and development in Africa than the neo-Weberian orthodoxy provides. As signalled earlier, it turns to a large degree on the way in which patron-client networks and economic rents are organised.

A good starting point for a discussion of the relationship between rents and development is the work of Mushtaq Khan. According to Khan (2000b), rents are 'excess incomes' which in perfectly efficient markets should not exist. However, in the real world, rents are widespread,

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<sup>8</sup> Doubtless other factors are also responsible for Indonesia's impressive growth. In his compelling comparison of Nigeria and Indonesia, for example, Peter Lewis points among other things to the importance of devolving monetary policy to 'the Berkeley mafia', a group of US-trained technocrats, and the 'institutional lock-in' mechanism provided by an open foreign account (Lewis, 2007). Crouch argues that industrialists achieved the security and predictability they required 'By placing themselves as clients under the protection and patronage of powerful members of the ruler's court' (Crouch, 1979: 579).

<sup>9</sup> Much the most systematic treatment of variations in African development performance attributable to political factors is Englebert's book on state legitimacy (2000) and its recent extension (Englebert, 2009). Englebert attributes the salient differences among African neo-patrimonialisms to variations in the degree of coincidence between pre- and post-colonial political authority structures and corresponding differences in state legitimacy. It might be argued that the subject matter of this paper is already sufficiently addressed by this account. However, that does not seem to be true.

Certainly, Englebert's analysis is seminal and provides a better platform on which to build than previous studies which explicitly or implicitly employ a blanket concept of the neo-patrimonial state. But it has the rather important limitation of pinpointing a cause of variation which is now an historical given and, according to Englebert's own argument, never likely to be overturned by political action or legal reform, namely the boundaries of Africa's sovereign states. If this is the case, the focus of interest for policy-relevant theorizing shifts rather sharply to the kinds of institutional differences that are possible *within* the framework of existing states. It is in this spirit that the following analysis proceeds.



taking such forms as profits from monopoly trading, income from subsidies, income that comes from owning scarce resources, or income from corruption (Khan, 2000a: 21). Some rents are inefficient and growth retarding, while for others, the opposite can be true. An example of the latter is the process Marx referred to as ‘primitive accumulation’, by which rent-earning natural resources become concentrated or transferred into the hands of new owners. Another is the subsidies that protect firms from competition while they are learning new techniques and production methods. A further example is income transfers to political groups with the potential to disrupt the growth process. Naturally, none of these rents guarantee growth, and all of them are likely to be associated with wasteful and sometimes corrupt ‘rent-seeking’ (e.g., lobbying, seeking and payment of bribes, kickbacks, etc). But if the development process is well-managed, their creation may still have net positive effects. As Khan says, ‘Managing development may, in fact, require the continuous discrimination of efficient from inefficient rents by policy-makers and analysts’ (Khan, 2000a: 21-22).

There are at least three reasons to think that in many developing countries, conventional Good Governance arrangements are ill-suited for growth-promoting rent-management. One problem is that the strict separation it prescribes between public and private spheres impedes the use of political power for primitive accumulation. The latter may be a precondition for dynamic growth, especially in countries that are resource-poor, landlocked, and/or lacking in entrepreneurial skills.<sup>10</sup> Second, this separation also precludes the use of corruption and patron-client networks to make political transfers that can contribute, if used effectively, to state stability and nation-building.<sup>11</sup> Third, the rule of law may not be a very effective instrument for combating those types of corruption that are growth-retarding, in states where the legal sector is weak. Creation and maintenance of the kind of rule of law state envisaged by donors requires enormous resources, and is unlikely to be realised in the near future.<sup>12</sup>

Our discussion of Asia, however, has already shown us that in certain conditions a strong, centralised, patrimonial structure, *is* a way of achieving an acceptable, growth-promoting balance (Khan, 2000a; Khan and Gray, 2006 (?)). We can think of it as a rough and ready mechanism for coordinating the creation and allocation of different types of rents. But here a word of caution is in order. Rent-centralisation is not sufficient *in and of itself* to create the conditions for economic growth. Aside from a number of other facilitating factors, rent-creation, rent-seeking, rent-distribution, and rent-utilization (hereinafter simply ‘the rent process’) must be oriented *to the long-term*.<sup>13</sup> This is for reasons similar to the ones that make countries that

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<sup>10</sup> As an example, Kevane and Englebert confirm the importance of a shortage of entrepreneurs in Burkina Faso. (1999)

<sup>11</sup> In developed states political transfers to potentially disruptive classes are made via a hugely sophisticated and expensive bureaucracy, of the sort that does not exist in most developing countries. Added to this, long histories of corruption, cronyism, and political clientelism weigh heavily on incumbent African regimes, creating a ‘prisoner’s dilemma’ type situation in which leaders rationally expect to be outmanoeuvred by their rivals if they try to play a different ‘Good Governance’ game.

<sup>12</sup> To give some indication of the scale of resources required, in 2007/8 the projected budgets for the UK Ministry of Justice and Home Office combined came to almost GBP 18 billion. In the same year, Tanzania’s entire GDP was estimated at USD 16.81 billion (<https://www.cia.gov/library/publications/the-world-factbook/print/tz.html>).

<sup>13</sup> Compare McIntyre, who argues that a highly centralized political framework does not guarantee effective rent management. Rather, it is a set of ‘enabling set of conditions, creating incentives for a

forego consumption in the present for investment in the future, faster-growing over the long run. Long-horizon rent creation means directing a substantial portion of rent-earning opportunities to activities that involve increases in value-added, or transformations in the productive forces over time - as when subsidies are provided to an infant industry that in the long-run will compete internationally. This does not mean, it must be stressed, either that the motivations for creating this rent structure are public-spirited, or that all the rents earned in this system are productive or clean. Even a purely selfish leader may calculate that he stands to maximize his take (i.e., his parasitic rents) from the economy if it is allowed to grow over time (see Olson, 1993). The point, however, is that some parasitic rent collection will have to be foregone in the present if it is to be maximized in the future, otherwise businesses will be so burdened with parasitic demands that they lose their ability to grow.

With this discussion in mind, we can think about categorising actually existing regimes according to two different dimensions of the rent relationship: the degree of centralisation and the length of time-horizon. We take it that rents are centrally managed when there is a structure in place that allows an individual or group at the apex of the state to determine the major rents that are created and to distribute them at will. We judge that the leadership is far-sighted when it limits the rent-collection by itself and others with a view to maximizing rent-collection in the long-term. These distinctions indicate four regime types from a rent process perspective, as illustrated by Figure 1.

**Figure 1: Definition of long-horizon, centralised rent utilisation**

		Centralisation	
		Low	High
Time horizon	Short	Free-for-all	Non-developmental kleptocracy
	Long	Losing battle against corruption	Developmental rent utilisation

In the top-left quadrant rent-centralisation is low, and the leadership has little interest in disciplining the rent process with a view to the long term. At the limit, the result is a highly competitive free-for-all in which anyone with the ability to extract rents takes the maximum they can in the short-term, grasping as much as they can today for fear that tomorrow there will

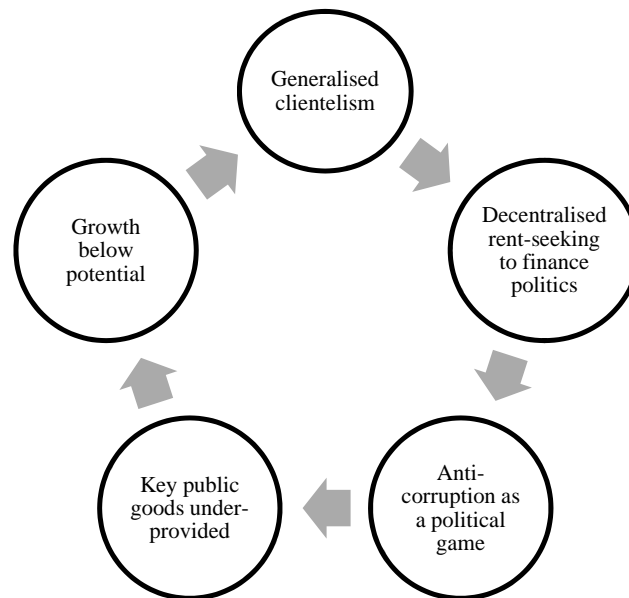
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political leader to promote a pattern of rent-seeking which is not too costly to national economic efficiency' (MacIntyre, 2000: 270).

be nothing worth taking. Economic growth is likely to be well below potential in this scenario, since there is no limit to the shake-downs potential investors can expect. The clearest examples from Africa might be the Nigerian First Republic, the First Republic in D.R. Congo, or Sierra Leone under Albert Margai.

Less extreme examples are of course much more numerous. Indeed, it is arguable that the sub-Saharan African ‘modal pattern’ falls somewhere within this quadrant. Electoral politics (or, in some cases, insurgency) encourages leaders to take a limited view of the rent process, as they focus their energies on short-term regime survival. Presidents and MPs require cash to fight elections, and this tends to breed a permissive attitude to corruption. On the one hand, anti-corruption is institutionalised as a part of political rhetoric, but on the other, politicians and civil servants indulge in looting, scams, and shake-downs of varying degrees of sophistication and severity at all levels, with little real effort devoted to rent-discipline. Corruption of this type does not necessarily kill off growth altogether – indeed, if international conditions are favourable growth may be reasonable (around 6% annually in the recent history of Uganda and Tanzania). But growth rates are lower, more fragile and sectorally less balanced than would otherwise be the case. Figure 2 illustrates some of the suggested linkages.

**Figure 2: Rent utilisation in the African modal pattern**



The bottom-left quadrant in Figure 1 represents a relatively rare type. Here, the leadership desires to take the long-view, limiting rents so as to maximize its own take or to serve what it views as the interest of society as a whole. However, because it lacks the machinery to centralize rents, its ability actually to implement the long-term view is strictly limited. Various periods of Tanzanian history provide illustrations. Between 1980 and 1985, for example, President Nyerere was still trying to implement a long-term vision for the economy, but the machinery that allowed him to control rents had broken down. The result was a comparatively genuine but nonetheless unwinnable war against corruption, with resulting damage to the ability of the state to realise any potential for economic growth (Bryceson, 1990; Campbell and Stein,

1992; Bryceson, 1993).<sup>14</sup> Ben Mkapa's first term in office (1995-2000) perhaps provides another example. His leadership appeared to be characterised by a fairly genuine embrace of a donor-driven development vision, together with a much-vaunted war against corruption. However, by 2000 it was clear that on the latter front very little progress had been made (Kelsall, 2002), and Mkapa himself was soon joining the fun.

The upper-right quadrant, by contrast, describes the situation where the leadership has had considerable success in centralizing the rent process. Few big rents are generated or allocated without the knowledge of the leadership. In theory, the President and his inner circle would have the power to limit rent-taking, but for one reason or another, they do not take the long-term view. Consequently, those with connections to the top leadership are allowed to enrich themselves almost without limit. The Kenyan regimes of Daniel arap Moi fit well here (Barkan, 1994; Throup and Hornsby, 1998). This type of regime, too, tends to keep growth well below its potential.

The bottom right quadrant of Figure 1 is the most interesting from the point of view of our argument. Here, the leadership has succeeded in centralizing control over rents, and also takes a long-term approach to rent-maximisation. The regime retains a strongly patrimonial or neo-patrimonial character, in the sense that there is a systematic blurring of the boundaries between public resources and the private property of the ruler(s). It is not necessarily free of illegality or 'corruption'; in fact, these may reach quite high levels and may well be the major source of finance for the political activities of the ruling groups. However, the rent process is organised in such a way that it does not hurt the climate for investment in the ways that typify the other regimes. Indeed, if it finances domestic investment including public works and other ventures with positive externalities for other investors, the net effects may be quite favourable. Corruption, too, may be less harmful than under the other types of regime because it is more predictable and moderated by concerns to grow the economy. It may also be more disciplined in structural terms, with the effect that, for example, a professional and hierarchically coordinated state bureaucracy is able to be retained in the face of clientelistic pressures. In other words, anti-corruption efforts may be at least partly entrenched in a serious and effective way. Figure 3 illustrates.

In the next section, we discuss at length the applicability of this model to a number of historical and current regimes. Our data are drawn from a set of seven African countries (Kenya, Tanzania, Ghana, Ivory Coast, Rwanda, Malawi, Uganda), covering a time-span from independence to the present day.<sup>15</sup> Although there are certainly differences in geography, demography, and ecology between these countries, there are similarities also. All of them fall within Africa's tropical belt, all are resource poor, and all share certain politico-cultural features, belonging to what Michael Schatzberg has termed 'Middle Africa' (Schatzberg,

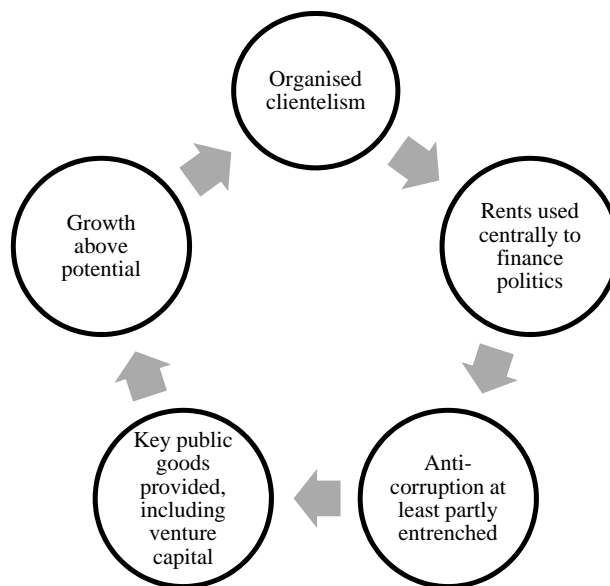
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<sup>14</sup> Policy blindness was also important here.

<sup>15</sup> Our approach began with a survey of the African and South-East development literature, from which we inductively extrapolated three variables – centralised rent-seeking, insulated technocracy, and political constraint – which we felt explained a large part of the difference in regime performance. However, comparative analysis of these variables, based partly on Boolean techniques, failed to yield clear patterns, leading to additional refining of our variables. When two of those variables – directed yet autonomous technocracy, and political inclusivity – failed further to provide sufficient leverage over our data, we relegated them to a subsidiary role, focusing on the core rent relationship instead.

2002).<sup>16</sup> Consequently we think they provide a reasonable basis for comparison. They also have the virtue of having generated a considerable body of secondary literature.

**Figure 3: Rent utilisation under a developmental patrimonialism**



#### 4 Towards a typological theory

Table 1 shows how we have classified our countries for different periods of their history. A word about our classificatory schema is in order here.

We have defined and selected regimes by reference to our independent variable, viz. type of rent-relationship. When we see a new type of rent-relationship take hold, we inaugurate a new regime. Thus some regimes change with rulers, Kenya pre- and post-Kenyatta, for example, whereas other rulers preside over different regimes, like early and late Houphouët in Ivory Coast. The way we have classified countries according to the rent-relation can of course be queried. If some cases like Ivory Coast under Houphouët or Malawi under Muluzi seem clear cut, others, the Kibaki regime in Kenya, for example, are a bit more fuzzy. The table represents our best attempt to draw inferences from the literature and fieldnotes at our disposal.

The dependent variable also bears some discussion. In our view, relying on single quantitative indicators, such as the rate of GDP growth, to make assessments of economic performance in Africa is highly problematic, for at least five reasons. The first is the questionable accuracy of national income data for most of sub-Saharan Africa for much of the period that interests us. In view of Jerven's recent warnings on the subject (2010), we must treat growth rates and cross-country comparisons based on these data as highly approximate and possibly misleading. They need, at least, to be supplemented by other, including more qualitative indicators whenever these are available.

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<sup>16</sup> Malawi and Rwanda do not feature in Schatzberg's study, but they could in principle have done so.

**Table 1: Regimes and economic performance**

<i>Rent relation</i>	<i>Regime</i>	<i>Economic performance</i>
Short-horizon, decentralised	Côte d'Ivoire (1975-80; 1990 ff) Malawi (1994-2004) Uganda (1971-86; c2000 ff)* Ghana (c1992 ff)** Tanzania (1985-1995; 2000 ff) Rwanda (1962-73)	Mixed, mostly poor Poor Very poor/Reasonable Mixed, mostly reasonable Mixed, mostly reasonable Poor
Long-horizon, decentralised	Tanzania (1961-67; 1980-5; 1995-00) Uganda (1962-71) Côte d'Ivoire (1975-82)	Reasonable/Poor/Reasonable  Reasonable Poor
Short-horizon, centralised	Côte d'Ivoire (1980-1990) Ghana (1972-1979) Kenya (1980-2002) Kenya (2002 ff) Malawi (1982-1992) Rwanda (1973-94)	Mixed, mostly poor Poor Poor Reasonable Poor Mixed, mostly poor
Long-horizon, centralised	Côte d'Ivoire (1960-75) Malawi (1961-78) Kenya (1965-75) TZ (1967-78) Ghana (1957-1966) Ghana (1981-1992) Uganda (1986-c. 2000) Malawi (2004 ff) Rwanda (2000 ff)	Strong Strong Strong Poor Poor Quite strong Quite strong Quite strong Strong

Secondly, we are interested in development performance, and hence with patterns as well as rates of economic growth, and in particular in whether the pattern is such as to produce structural change and/or changes in income distribution and poverty. Third, we cannot entirely neglect the demographic variables and underlying social conditions that help to determine *per capita* income. Fourth, what counts as a 'good' or a 'bad' performance cannot be entirely detached from the country's initial conditions, including resource endowments and geographical position, as well as the global conditions of the time. Last but not least, all of these variables are outcomes which, to the extent they respond to policy and institutional factors, do so with a time lag.

With all of this in mind, we have not ventured ourselves into managing the primary performance data, but have based our characterisations of regimes on the best academic assessments available for the period and country concerned. In general, these have included some critical assessment of the growth record, with due allowance for time lags. Most authors also have something to say about the extent of structural transformation, on the proximate determinants of growth such as the maintenance of macro-economic balance, and many are concerned with trends in per capita incomes and/or poverty. In most cases, it is possible to make

inferences about whether or not performance surpassed expectations, given the country's history, resource-endowments and the global economic conditions of the time.

Obviously, all this involves elements of judgement, in the first place by the authorities we cite, and then by us. Doubtless some readers will take issue with our choices. It might be argued that contemporary Tanzania, for example, has performed better than 'reasonably', especially when compared with the regimes that went before it. However, we believe that the dominance of aid, mineral revenues, and revenue from tourism, combined with the stagnation of agriculture and the failure to move in any significant way into manufacturing, justifies our decision (see also Bigsten and Danielson, 2001). To give another example, some readers might argue that performance in Kenyatta's Kenya was not 'strong', given the inequalities of wealth and the structural imbalance it created. We would agree that Kenya's growth model had definite problems. Nevertheless, we believe that the beginnings of structural transformation and growth that it generated were not dissimilar to some of the experiences of import-substituting Asia, and could have laid the foundations for more sustained growth had the right choices subsequently been made. Finally, there are a few gaps in the table, like Malawi between 1978 and 1982, when one regime appears to be transitioning to another, making it difficult to classify the rent process. Further, we have not categorised regimes that were less than five years in duration.

If our categorisation is correct, it shows that centralised long-horizon rent processes have not been uncommon in post-independence Africa, although for reasons to be discussed below, there is only one contemporary case that conforms to type. It also provides support for the contention that this type of rent process may be a necessary condition for strong performance. All four of the 'strong' performers fall under this type, as do the three 'quite strong' performers; however, the category also contains some 'poor' performers as well. The inference we draw is that on its own, centralised, long-horizon rent utilisation *is not sufficient* for a strong development performance. In the remaining sections we provide evidence from different historical periods in Côte d'Ivoire, Malawi, Kenya and Rwanda, to support the idea of a necessary connection between strong economic performance and a long-horizon centralised rent-process. We then focus on the example of Tanzania to show that this relation is not sufficient.

#### 4.1 Côte d'Ivoire, 1960-75

Côte d'Ivoire's first decade and a half of independence is the regime most often associated with phrases such as 'developmental patrimonialism'. The rent process was both highly centralised and organised around a long-term vision containing both political and economic elements. The succeeding paragraphs outline the steps by which the country's first President, Felix Houphouët-Boigny, was able to effect this centralisation, placate political rivals, and steer rents to areas of growth. It also discusses how the breakdown of the Ivoirien model sheds light on the relationship between rent process and economic progress.

Côte d'Ivoire gained independence from France on 7 August, 1960. Early on in the life of the new nation, Houphouët took steps to concentrate powers around his own person. After rumours of plots against the regime in 1963 and 1964, he imprisoned some of his rivals and established a one-party state (Crook, 1990: 223; Medard, 1991: 191). The party itself was then rendered dependent: nominations for 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 (which

meant to say they represented Houphouët) (Medard, 1991: 198). Local party notables, meanwhile, had become ‘a client class totally dependent upon the ruler for their position and perquisites’ (Jackson and Rosberg, 1982: 150). Everyone knew that they owed their position to the President: ‘The domination Houphouët-Boigny exercised upon his country, his political system, and more directly upon the elite reached a point where the members of the elite are perceived and perceive themselves as his men and the access to power as his’ (Bakary, 1984: 34). In the words of Jackson and Rosberg, Houphouët exercised near complete domination of the political field: ‘free-floating political resources do not exist’ (1982: 148).

One of the functions of Houphouët’s patronage system was to maintain political stability. It was based on a skilful system of “quotas” that allowed a certain balance between ethnic groups (Bakary, 1984: 35). The outcome was a ‘multi-ethnic, con-fraternity of power’ (Bakary, 1984: 27), characterised by a series of ‘interconnected family compacts’ or pyramids, at the top of which stood the country’s most powerful families, both in economic and political terms (Rapley, 1993: 108). In the words of Medard:

‘This ruling class, through straddling, has proceeded to primitive accumulation of both economic and political power. In both cases, the patriarch has been the supreme regulator of this double accumulation and, through this, of the [ethnic] coalition. The inherent contradiction between the logics of extraction and of economic accumulation (the predatory state) on one side, and the logic of political accumulation through economic redistribution (the prebendal state), has not been resolved, but has been managed through a rather moderate use of political coercion, an absence of ideological mobilisation and through a skilled use of political patronage in a favourable context of economic growth’. (Medard, 1991: 194)

But it was not simply that the context was favourable: the patronage system itself facilitated growth, because it permitted Houphouët to take a long view and devolve considerable power to a competent economic technocracy. In Crook’s view, the Ivoirien state was ‘strongly disciplined’ and ‘virtually autonomous’ (Crook, 1990: 235). For 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 presided over a sophisticated system of French-style indicative planning, which quantified economic goals, assured consistency between objectives, provided regional and local breakdowns, together with financial plans (Tuinder, 1978: 26). These plans were then implemented, using a combination of expatriate technical expertise and a socially embedded political class. Up until 1965, the Finance Minister was a Frenchman, and it was not uncommon to find up to fifteen French advisors in a ministry (Rapley, 1993: 67). The implementation of orders issued by a minister in Abidjan ‘could then be supervised by his or her family members or close colleagues who controlled mayoralties or prefectures in the cities or towns throughout the country’ (Rapley, 1993: 67).

Economically, the emphasis was on expanding and diversifying the agricultural economy in order to fuel industrialisation. 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), often using outgrower schemes serving industrial plantations (Anyang’ Nyong’o, 1987: 215). 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). In the first fifteen years after independence, coffee and banana production almost doubled, cocoa expanded sixfold, while pineapple increased over 4600%. In addition to being the world's largest producer of cocoa, by the early 1980s, Ivory Coast was the world's largest exporter of coconuts, the largest exporter of tinned pineapple, the third largest exporter of palm oil, and Africa's second largest producer of cotton (Rapley, 1993: 78), and a major producer of coffee. Agro-processing export industries had begun to take off, and GDP per capita far outstripped that of its neighbors. Côte d'Ivoire's per capita income was barely a third of Ghana's at independence; by the early 1980s, that ratio had reversed (Riboud, 1987). Between 1965 and 1980, the manufacturing sector in Côte d'Ivoire grew at 9.1% per year, and GDP at 6.8% (Riddell, 1990: 152).

The collapse of the Ivoirien 'miracle', from the late 1970s onwards, is also instructive from a rent relation perspective. There are differences of opinion about exactly when the Ivoirien model began to go wrong, but it is clear that by the mid-1970s all was not well. Around this time there was a change in the structure of political patronage, inaugurating a new 'regime' in respect of the degree to which rent utilisation was subject to central control:

'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, 1997: 153)

Medard agrees: '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' (Medard, 1991: 202). Investment increasingly took place outside the budget and planning framework (Tuinder, 1978: 27) as patronage shifted from being a centralized to a segmentary system (Alemayehu, 1997). Parastatals began to expand in an uncontrolled way. Even financing decisions became decentralized, so that parastatal agencies ran up large debts without the knowledge of the central bank (Alemayehu, 1997: 155).

We can only speculate as to the reasons Houphouët allowed this to happen. Perhaps the exceptional stability of the ruling class had permitted local barons to entrench themselves. Perhaps the economy was by this stage too large and diversified for Houphouët to be able to exercise effective disciplinary control. Now in his 70s, his powers were perhaps waning.<sup>17</sup> Or perhaps he placed an unrealistic degree of trust and confidence both in his barons and the Ivoirien development model. Years of growth had funded one of the most advanced educational systems in the developing world, now turning out thousands of school leavers anxious for jobs (Tuinder, 1978). The pressure they created was accommodated by the extremely rapid parastatal expansion, but with hindsight we can see that this was a patronage quick-fix, not a long-horizon

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<sup>17</sup> Interestingly, Houphouët managed to regain some control over the patronage process during the privatizations of the early 1980s, suggesting that he was not yet a presidential lame-duck (Médard, 1982: 202-204).

solution. The economy was tipped into a chronic imbalance, from which it has never really recovered, Houphouët's recentralisation of rents in the 1980s notwithstanding (Riboud, 1987; Alemayehu, 1997).

#### 4.2 *Malawi, 1964-78*

A less celebrated but perhaps equally valid example of developmental patrimonialism can be found in Malawi between the years of 1964 and 1979. Malawi'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, representatives of which were handpicked by the President, became the only permitted political party. Local governance, chiefs' authority, 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.

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.

The main thrust of development policy was to generate rents for reinvestment through transformation of the productive forces. The first development plan placed great emphasis on infrastructural development. In addition, attempts were made to transform agriculture. At Independence Malawi was characterized by a large African smallholder sector and a small European-dominated estate sector, producing high value crops for export. Post-independence agricultural policy allowed selected smallholders to convert customary title into leasehold, thereby joining the estate sector. Those deemed fit were termed *achikumbe* by extension workers. Thereupon they became 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, forged ahead of subsistence agriculture, providing a return on investment that ranged between 22-67% in the 1970s (Pryor, 1990). Many of the *achikumbe* taking advantage of this favoured treatment were politicians and civil servants.

Business development was also a vehicle for state patronage. From 1969 onwards, legal restrictions were placed on white and Asian rural business and many of their enterprises were abandoned. Africans filled the gap with the help of lending institutions created to advance credit without the usual collateral guarantees. Mhone reports that 'local entrepreneurs... were deliberately promoted and protected by government in accordance with ... patronage and client imperatives' (Mhone, 1992) as well as national development policies. The most successful farmers-bureaucrats-businessmen went on to invest in small-scale secondary industries, like food processing. Before long, the term *achikumbe* was being used to describe that class of

parliamentarians, key government officials and certain members of the MCP, who were beneficiaries of Banda's patronage (Mtewa, 1986).

The biggest beneficiary was Banda himself, whose ownership of Press Corporation plays a key role in any story of Malawi's economic development. In 1961 he had founded Press to handle the printing of the party newspaper. After Independence Press Holdings, in which he was the majority shareholder, rapidly diversified into tobacco farming and trading; food processing, wholesaling and retailing; financial services; textiles and manufacturing; and distilling and bottling. Press, and thus Banda, controlled, 'the largest chain of retail supermarkets and shops in Malawi (Press Trading Ltd.), a major chain of hardware stores (Hardware and General Dealers Ltd.), a major share in the flue-cured tobacco industry (Press Farming Ltd.), a stake in the burly tobacco industry (General Farming Ltd.), and a haulage firm (Press Transport Ltd.). There are also Press Properties, Press Industries, Press Produce and others; Press Holdings Ltd. also has a substantial shareholding' (Thomas, 1975: 48n). Before its restructuring in the early 1980s Press had interests in 17 subsidiary companies and 23 associated companies (Press Corporation, 2008). Described by van Donge as 'an African chaebol', the company contributed to economic growth, paid hefty state taxes, and became something of a model for African entrepreneurship. Doubtless it was also a source of employment and income for individuals Banda wished to reward, though evidence suggests that merit weighed heavily in hiring decisions.

Banda therefore used the power of the state to direct productive assets into the hands of those he thought would use them most productively (politicians and civil servants with capitalist ambitions), and/or those whose political support was useful (smaller African businessmen, in particular MCP members, and investors).<sup>18</sup> By contrast, other forms of rent-seeking: corruption, predation, or theft, were not much tolerated. Banda felt his 'main business' was the maintenance of a 'stable government, an efficient, honest and incorruptible administration. People must come here when they have money to invest, get a license without putting so many pounds in the pocket of a certain Minister first' (Baker, 2001).

In 1972 the World Bank described Malawi's recent 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). Investment funds came from aid, foreign companies, (e.g., Lonhro, Carlsberg), and from the public sector itself (parastatals' profits averaged about 1% of GDP). Government's policy of setting aside part of its revenues and public enterprise profits 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 3% per annum in the period 1960-79 (Chipeta and Mkandawire, 2008). As a percent of GDP, the manufacturing sector increased its share from 7 percent at independence to 13 percent 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). Harrigan (2001) calls the 15 years' growth 'healthy' and notes that it compared favourably with SSA as a whole, not to mention that of other resource-poor, landlocked countries.

By the late 1970s, however, Malawi's economic success had begun to unravel. The economy was buffeted by a variety of external shocks, including a decline in the terms of trade for

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<sup>18</sup> Tiny Rowland of Lonhro was close to Banda, who used his funds and connections to support domestic and international economic and political ventures.

exports and the closure of the road through Mozambique thanks to insurgents. Many operators in the highly leveraged estate sector went to the wall. The problems that smallholder agriculture faced as a result of the focus on estates became more apparent. Some parastatals also had financial problems, which the government, gambling on the problems being short-term, sought to solve by borrowing on the international market – they were wrong. Some had grown too fast, and lacked sound management (Pryor, 1990).

In short, Malawi's development model, so successful for a time, was in need of reform, and as in the case of Côte d'Ivoire, the failure to do so throws some light on the importance of the rent-relationship. The picture we get from the late 1970s and early '80s is of an administration paralysed by the declining powers of its leader and an increasingly cowed civil service. Banda was already well into his eighties, and, it seems, even more irascible. Civil servants were too frightened to raise the issue of structural reform for fear that he would become angry and fire them. As his powers waned so those around him became more influential: for example, his nurse/mistress Cecilia Kadzamira, and her uncle, former Finance Minister John Tembo. The administration began to be plagued by the issue of succession. Infighting and a lack of focus on development helped delay of the publication of DevPol II until the mid-'80s (Pryor, 1990). In 1983, four senior politicians who had criticized government spending plans were taken by police to an isolated spot and bludgeoned to death: it seems that Tembo perceived them to be a threat. What Malawi probably needed was a new leader with some of the vision and strength Banda once possessed, but with a greater tolerance for diverse economic ideas and political opinion. What it got was a lame-duck President, an *eminence grise* disinterested in economic development, and a donor group that sought to revert Malawi to the role of primary product exporter.

#### 4.3 Kenya, 1965-75

Kenya under the Presidency of Jomo Kenyatta also fits the developmental patrimonialism model, although less well, perhaps, than our previous two examples. Kenya in the 1960s was a more politicised country than either Côte d'Ivoire or Malawi, and the process of centralising rents was more difficult and uncertain there. The country gained independence in 1963 with a multi-party constitution and regional system of government, which Prime Minister Jomo Kenyatta's Kenyan African National Union (KANU) quickly sought to change. Its efforts bore fruit in 1964 when the main opposition party that represented Kenya's smaller tribes merged with the larger Kikuyu and Luo in KANU, enticed partly by grants of land in the Rift Valley (Bates, 1989). A republic was created, in which 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 (Leys, 1975; Tamarkin, 1978; Goldsworthy, 1982; Anyang' Nyong'o, 1989). From this date onwards, the stability of the ruling elite was remarkable (Goldsworthy, 1982).

Much like Houphouët in Côte d'Ivoire, Kenyatta proceeded to neuter the power of KANU itself. Soon it existed merely as a network of local and regional bosses that he 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. The latter contests were intimately linked to the practice of *harambee*, under which local people would part-supply social services through self-help, expecting their MP to act as an

intermediary with central ministries to secure matching government support. MPs who failed in this respect tended to be rejected by the electorate, while those who succeeded could expect to be made junior ministers. This ensured an increased supply of patronage resources to the constituency, and cemented the MP's loyalty to the President (Barkan, 1994: 19). The majority of funds, projects, and coercive powers, meanwhile, flowed through the strong provincial administration created by the British and responsible to the chief executive.

With formal political institutions downgraded in this way, Kenyatta enjoyed increased latitude to govern through a combination of bureaucratic structures and personalised ethnic networks. The top ranks of the civil service in Kenya were Africanised 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.

In this way, economic institutions were able to be managed with a view to both political and economic goals. The lion's share of rents went to the 'Gatundu clique', also known as 'The Family', that innermost circle of Kenyatta's Kiambu court. Beyond these close courtiers Kikuyu more generally could be expected to 'eat', and then the ethnic leaders of the smaller tribes that had formerly comprised KADU. Allegedly Kenyatta told non-Kikuyu ministers that: 'My people have the milk in the morning, your tribes the milk in the afternoon' (Wrong, 2009: 51). Thus there was nothing like an equal division of opportunities under the Kenyatta regime, but only the Luo, after 1969, and more radical elements such as former Mau Mau were thoroughly marginalised. The lower classes were not well organized, and depended on figures like political tycoon J.M. Kariuki to make their case. When such people could not be co-opted by the regime, assassination was their fate (Tamarkin, 1978). Kenyan political stability was described as a 'rare blessing' and Kenya's 'main economic asset' (Tamarkin, 1978: 297).

A key source of patronage was the agricultural sector (Heyer, 1981: 92). We have already seen how land in Trans Nzoia district was made available to KADU leaders in the process of creating a one-party state (Bates, 1989). Settlement schemes which redistributed land in the White Highlands, were another resource. 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 the 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, 1981a; 1989; Leonard, 1991). Although the settlement schemes returned mixed results, the overall impact was rapid – if perhaps unsustainable – agricultural growth (Heyer, 1981: 117).

When it came to industry, government policy was to be simultaneously open to foreign investment, while encouraging Africanisation 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 galvanising, 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: 243).

Government acquired equity in these firms, and through it 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). By 1978, commentators such as Colin Leys observed that members of this class had progressively dominated sector after economic sector without any catastrophic fall in production. Moreover, they appeared to be increasingly integrated and aware of their interests as a class, and had begun to grasp the requirements for consolidating their interests (Leys, 1996: 144).

On balance, the Kenyan regime appears to have got the trade-off between growth-promoting and growth-retarding rents more or less right. Political stability, in a difficult context, was maintained; investment flowed, the economy expanded. 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). According to Judith Heyer, 'the incomes of very large sections of the population have increased substantially. Some have been left out, and some have been impoverished, but the overall effect has been to improve the conditions of most of the population' (Heyer, 1981: 90). There were problems, however. By the mid-1970s political pressures from both inside and outside KANU were becoming difficult to contain. Observers noticed a relaxation of discipline and an increase in corruption.<sup>19</sup> The time was ripe for a restructuring of the economic model, but this opportunity was missed.<sup>20</sup> Insufficient incentives had been provided to encourage a serious move into exporting, and the 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 appear to have been tried, and both

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<sup>19</sup> 'During the years of the coffee boom, government officers had been able to overspend their budgets with the confidence that Parliament would always vote a "Supplementary" to bail them out. Once the profligate habit of ignoring red ink had begun, it was difficult to reintroduce fiscal restraint' (Leonard, 1991: 178).

<sup>20</sup> According to Sharpley and Lewis, 'the failure to undertake some restructuring of incentives in the economy at a time when foreign-exchange reserves were plentiful was a major missed opportunity in economic management' (Sharpley and Lewis, 1990: 210).

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).

As Kenyatta's health deteriorated, the political elite became obsessed by the question of succession. When that was resolved in favour of Vice-President Daniel Arap Moi, ethnically a Kalenjin, a new rent process came into being. Although the new regime began as technocratic and inclusive, Moi rapidly lost confidence in Kenyatta's civil service. Many key state organisations 'were headed by men who lacked the confidence of the President, who could not get his support for the policy changes that were needed to keep their programs healthy, and who could not force such changes themselves' (Leonard, 1991: 171). Many top civil servants were replaced or transferred, and competence suffered as a result. Moi focused his energies on rehabilitating KANU as a personal patronage machine. But in contrast to Kenyatta, who had developed a set of stable long-term patron-client relationships with local big men, Moi assured his own ascendancy by intervening in local power struggles, and constantly reshuffling those beneath him (Widner, 1992; Barkan, 1994: 24; Throup and Hornsby, 1998: 45-47).

Increasingly, the president was surrounded by an inner circle of old-KADU loyalists 'with little understanding of the macroeconomic issues facing Kenya' (Barkan, 1994: 26). An oblivious attitude to Kenya's economic future, together with the more rapid circulation of administrative and political elites, caused government corruption to reach kleptocratic proportions (Barkan, 1994: 27). At the top of the system Moi and a handful of close cronies including Nicholas Biwott were using state power to create huge business interests, while just beneath was a kind of patronage merry-go-round, in which those with temporary access to power were eating as fast as they could in the knowledge that they would soon be dismissed from the table (Barkan, 1994: 28; Throup and Hornsby, 1998). Economic management drifted, IMF-backed structural adjustment proved inconclusive, and the economy, from so promising a position, declined. By the early 1990s, the Kikuyu business class, stripped of its political privileges, was said to have been all but destroyed (Tangri, 1999: 73).

#### *4.4 Rwanda, 2000-2010*

Preliminary findings from research on Rwanda in the first decade of the 21<sup>st</sup> century provide sufficient reasons for including this contemporary regime among the cases illustrating developmental patrimonialism. In important respects, Rwanda has regained the international reputation it enjoyed in the decades before the 1994 genocide (Uvin, 1998) as a country where 'things work'. At least since 2000 when Kagame assumed the presidency, it has become arguably the only in the region where 'zero tolerance for corruption' is the policy de facto as well as de jure. In recent years, Rwanda has moved rather quickly up the World Bank's ranking of countries on the basis of its survey of ease of doing business. On this basis, one might consider classifying Rwanda as a regime which – some human rights issues aside – is increasingly complying with the standard policy advice on getting the 'right' institutions in place.

That, however, would be too simple. It would exaggerate the degree to which the regime is free of aspects of African neo-patrimonialism, and would underestimate in some important ways the originality and significance for the region of the model being pursued. It does not seem to be disputed that suspected instances of large and medium as well as small-scale corruption are dealt with swiftly, sometimes more rigorously than the law requires. In this sense, we are clearly

not dealing with decentralised rent utilisation. On the other hand, it is not the case that the relationship between politics and the economy is comparable with the position in, say, Sweden. There is centralised rent utilisation, and this is an important distinguishing feature of the regime. The fact that the modalities involved are not ‘Swedish’ is a subject of some concern to donors; in our view, it is what makes the current Rwanda experience relevant and interesting.

Analysis of the role of Tristar in the Rwanda development model is fraught with controversy and lack of clear evidence, as with many aspects of the history of modern Rwanda. It is clear that the initial funding for Tristar investments came from contributions from RPF supporters in the diaspora, which was exceptionally large and well established. There is a highly polarised and heated controversy about whether Tristar was a significant actor and/or beneficiary of natural resource exploitation in the DR Congo during one or both of the Rwandan military operations in the late 1990s and early 2000s. In contrast, it is well documented and generally not disputed that Tristar-owned private companies and Tristar holdings in other companies have contributed in significant ways to kick-starting private investment in ‘new’ sectors, such as mobile telephony, and old sectors of critical importance to the post-genocide reconstruction such as real-estate development. Not all of these ventures were highly profitable to begin with, but several appear to have become so, enabling further investments to be made on the basis of profits or dividends.

Various issues are disputed and cannot yet be settled. They include the significance and relative importance of each of the above three sources of ‘primitive accumulation’. Obviously, they include also the degree to which any profits made by Tristar companies or otherwise collected by Tristar exceed normal trading profits. On the assumption that at least some of them include, in this sense, an element of rent, the next question is how much this corresponds to the premium due to an investment of ‘venture capital’ in an environment that is risky because it is new and untested, and how much to privileged access to government contracts. We know that there are examples of both. Reports still to be confirmed say that Tristar companies have withdrawn from certain sub-sectors and/or from bidding for government contracts in order not to be accused of anti-competitive behaviour. The holding company itself is in the process of branding itself (as ‘Crystal Ventures’) in order to emphasise its claims as a successful venture-capitalist undertaking. However, for the time being we cannot quantify the proportions.

For present purposes this does not matter. It is clear enough that by its use of Tristar Holdings, the RPF leadership has been engaged in a sustained process of rent utilisation which is both rigorously centralised and based on a long-horizon perspective. The perspective has both political and economic-developmental dimensions.

While not directly comparable to the management of patronage by Houphouët or Kenyatta, the RPF’s self-financing mechanism performs an equivalent function, ensuring that politics in general and election expenses in particular are covered centrally, so that individual politicians are not under pressure to recoup their investments by corrupt means. Having a mechanism of some kind that performs this role seems essential to the enforceability of corruption controls. It is a key distinguishing feature of the form of neo-patrimonialism that is compatible with a vertically coordinated and reasonably disciplined state bureaucracy or public administration.

Economically, Tristar investments have assisted Rwanda to achieve a healthy and possibly accelerating rate of economic growth, compensating to some extent for the extreme weakness of



its indigenous private sector and the relatively slow rate of foreign direct investment, and overcoming to some extent the disadvantages of the country's landlocked position. Tristar is part of a wider government strategy for pulling up the national private sector by its bootstraps, which also includes a government initiated and funded Private Sector Federation. We think the claims that it has, at least on balance, acted in this way is plausible. We are also inclined to hypothesise that, contrary to the free market orthodoxy that tends still to prevail in donor circles, politically directed venture capitalism of this general type could play an important positive role in other poor, landlocked economies where both local private enterprise and FDI are chronically weak. It serves as enabling mechanism for 'primitive accumulation' in the Marxian sense, a process that is probably necessary when market economies are *not yet* established (Khan, 2009).

#### 4.5 *Tanzania, 1967-1978*

Our four previous case studies all showed how centralized, long-horizon rent-utilisation were associated with dynamic economic performance. We have consequently labeled them 'developmental patrimonial' regimes. However, among our case studies there are also two examples (Ghana under Kwame Nkrumah, and Tanzania under Julius Nyerere) of regimes which appear to have had considerable success in centralizing the rent relation, and which undoubtedly had a long-term vision for economic transformation, but in which economic performance was not strong.<sup>21</sup> We believe it is no coincidence that both of these regimes had a broadly socialist ideology and policy orientation; stated baldly, they had a long-term vision that was flawed. In both countries, the most damaging aspects of this vision included: a preference for state farms or state-initiated communal farming over price incentives for farmers; excessive taxation of the peasant sector to fund bureaucratic and industrial expansion; a preference for parastatal over private enterprise, and an associated neglect of factors such as productivity and profit that are essential to long term growth. In the next section we illustrate these points with reference to Tanzania. First we provide evidence to suggest a successful centralization of the rent-relation, then we detail some of the ways in which Nyerere's socialist model went wrong.

At independence Tanganyika inherited a Westminster constitution with a dominant ruling party, TANU. Subsequent years were devoted to consolidating the power of the executive. The country was declared a republic in 1962, and a one-party state in 1964, by which time it had united with Zanzibar to form the United Republic of Tanzania; independent organizations were brought under the control of the ruling party, and preventive detention used to quash dissent. By the time Oscar Kambona fled the country in 1967 Nyerere had no serious rivals, completely dominating the party and state (Thoden Van Velzen, 1972; Pratt, 1976; Coulson, 1982). He enjoyed broad powers in relation to the summoning and dismissal of ministers and civil servants, the appointment of High Court judges and other judicial officers, the dissolution and summoning of parliament and extensive powers to make subsidiary legislation. From 1964 Cabinet government effectively ceased to operate as Nyerere began to make policy in consultation with a few key ministers and advisors. The National Executive Committee of the party could sometimes persuade him to change his mind on an issue, but it was a constraining

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<sup>21</sup> It could be argued that political pressures in Nkrumah's Ghana meant that the regime, which had successfully centralised corruption and rents, was never able to utilise them with a view to the long term, despite its long-term development vision (Berg, 1971; Scott, 1972: , 123-132; Crook, 1990). Nevertheless we have chosen to place it in the centralised, long-horizon bracket.

body that lacked independent power (McAuslan and Ghai, 1972; Pratt, 1972). Constitutionally, the Annual Conference of the Party was sovereign, but it acted more as a ratifying body for decisions taken elsewhere. MPs lacked personal power bases (Bienen, 1970), a phenomenon reinforced by tight vetting of candidates and election regulations prohibiting use of private funds in campaigns (Barker and Saul, 1974).

Economically, Tanzania in the early years followed a fairly conventional post-colonial development strategy, which included concentrating resources on 'progressive' farmers and encouraging foreign direct investment. Between 1961 and 1967 the economy performed reasonably well. However, things were not moving fast enough for Nyerere, plus he had become concerned about Tanzania's foreign dependence, the leadership's increased acquisitiveness, and growing social inequalities. Consequently, with the Arusha Declaration of 1967, Tanzania embarked on a famous turn to the left (Pratt, 1976; Coulson, 1982).

The Declaration embodied two key components: nationalization of the economy's commanding heights, and a Leadership Code that prevented party leaders and civil servants from profiting from private enterprise. It also stressed the importance of self-reliance. Tanzania was an agricultural nation and would remain so for the foreseeable future; rural development must be emphasized, urban development and industry de-emphasized: development could only come about through self-reliance and hard work, not through foreign grants and loans (Coulson, 1982: 177).

Within weeks the government nationalized all the commercial banks, eight milling companies, the six largest import-export houses and the insurance business, and it also took a controlling influence in seven multinational subsidiaries. The Leadership Code, meanwhile, prevented anyone in party or government in a middle or senior position from holding private shares, being a director of a private company, receiving more than one salary, renting out houses, or employing others to work for him. Together with the take-over of local coops (1976) (Van Cranenburgh, 1990), many of which had problems of corruption (Long, 1970; Migot-Adholla, 1975), the abolition of local councils (1972) (Hill, 1979), and the increased state ownership of the economy, it was a clear indication of an attempt to centralize and discipline the rent process.

In agriculture, the emphasis was on accelerating a policy, begun in a small way in the early 1960s, of creating *ujamaa* villages in which people would live and work together communally, receiving services from the government. The process was supposed to be voluntary, but after 1974 it became compulsory. As many as eleven million people were moved into nucleated settlements, in which they were to retain individual farms, but also work on a communal or block farm. Studies of the time showed that most of the villages performed poorly, partly because many villagers rushed or shirked their responsibilities on the communal plots in order to concentrate on their own farms. The new settlement pattern also caused problems of environmental degradation and lost labour time (Coulson, 1979; McHenry, 1979; Mwansasu and Pratt, 1979; Boesen, 1986; Raikes, 1986; Shao, 1986). Residents of areas producing high value cash crops tended to be spared villagization, but they suffered instead from increased agricultural taxation, and a declining real price for their crops on account of exchange rate overvaluation. Studies show a massive transfer of resources out of agriculture and into the state sector, and the disincentive effects soon led farmers to turn to smuggling, or alternative lines of production (Ellis, 1983; Havnevik, 1993).

In industry, the nationalizations of 1967 evolved into a three-tiered structure of parastatal investment banks, holding companies for productive enterprises and the productive enterprises themselves. At each level, managerial and technical competence was a problem. Most of the directly productive parastatals were turnkey projects using foreign partners and expatriate management. Many were wasteful, non-performing investments in areas like cement, salt-panning, bag-making, and bicycle manufacture to name but a few. Ministers apparently 'had no answer to the fundamental problems posed by parastatals: in the last resort, all they could do was to sack the management and replace it with another that might be no better' (Coulson, 1982: 283). Ideological considerations, rather than questions of competence, apparently weighed heavily in most hiring decisions (M.S. El-Namaki, cited in Bryceson, 1993: 17).

There were also problems with labour discipline. In 1971 the party published the *Mwongozo*, or TANU Guidelines, which forbade leaders in industry from being arrogant, oppressive or exploitative. The result was a rash of strikes and lock-outs which brought some firms to the brink of worker control. After some mixed signals from government, culminating in a lock-out at the Iranian-owned Mount Carmel Rubber Factory, government came down on management's side (Shivji, 1976; Coulson, 1982; Hyden, 1983). Nevertheless, norms of industrial capitalist management were shaken, and some authors claim to have noticed a slackening of labour productivity from this period (Bryceson, 1993: 19).

Other problems were caused by the ideologically motivated decision to take over import-export trade (the ostensible aim of which was to reassert control over Tanzania's external balance). In 1969 an expatriate team had advised government that in order to be feasible, this would need to be a gradual process with different classes of goods being progressively confined to the State Trading Corporation. But in 1970, Nyerere announced peremptorily that the entire trade must be socialized by the end of the year. In the months after the takeover 'there were more shortages than at any time since the years immediately after the Second World War, and the performance of the STC caused more complaint than any other nationalization, or indeed than any other political move since independence'. Its negative performance had knock-on effects right across the economy (Coulson, 1982: 290-294).

Interestingly, reports of embezzlement, kick-backs, and petty corruption are virtually non-existent during this period. Where malfeasance occurred, as in the State Trading Corporation, it was rooted out. This provides a good indication that the rent-process had been successfully centralized, and disciplined with a view to the long term. Ujamaa Tanzania was not an economy enervated by rampant fiduciary leakage or competition among lower level politicians and officials for bribes. The problem was policy, which by the end of the decade had tipped the economy towards crisis. Industrial output grew initially, but was not sustained. The agricultural sector was similarly disappointing. Tea and tobacco grew respectably, but coffee and cashew much more slowly, while sisal and cotton declined. In the context of drought, the country began importing large amounts of food (Coulson, 1982: 190). Inflation was 2.1% per annum between 1961 and 1971, but 22.5% between 1971 and 1977 (Coulson, 1982: 186). The trade balance went into deficit, the external balance sustained only with the help of a huge increase in foreign aid (Coulson, 1982: 193). Coulson sums it up thus: 'The over-all picture is one of government taking increasing control of the economy, putting great emphasis on provision of social services and on increasing the rate of investment through use of foreign capital transfers and high rates of domestic taxation, but being frustrated by failures in agricultural production and low productivity in manufacturing' (Coulson, 1982: 194-195; see also Svendsen, 1986).

In our view, the Tanzanian government had in its possession a centralised rent machinery which, combined with the right policies, could have driven a more dynamic form of development. However, socialist ideology, and a desire for rapid results, led the government to unrealistic and ill-considered projects and policies, not least of which was a crippling overtaxation of the peasant sector to finance a largely unproductive state bureaucracy. The lesson to be drawn is that centralized, long-horizon rent-utilisation only becomes developmental when combined with correct economic policy.

Readers may wonder at this point whether good policy alone isn't sufficient to bring about strong performance, and whether we even need the rent-centralisation category to explain the success of Banda's Malawi, Kagame's Rwanda, or Houphouët's Côte d'Ivoire. Our response is that for well over a decade now, Tanzania, Kenya, Malawi, Ghana, and Uganda have pursued broadly open, pro-market policies, with an ostensible focus on agriculture and pro-poor growth. However, with the possible exception of Mutharika's Malawi, none of them have achieved anything better than reasonable economic performance. A key reason, we think, is that they have not got the rent relation under control, meaning that however good, their policies get undermined by short-termism and/or economically damaging competition for rents.

## 5 Concluding thoughts

Our case studies show that centralised, long-horizon rent seeking, when combined with broadly pro-capitalist policies, can generate dynamic growth for periods upwards of a decade. Consequently we think such arrangements can justifiably be termed 'developmental patrimonialism', and we believe policy makers should be alive to the potential usefulness of this institutional mix. In some circumstances, for reasons we have already touched upon, it may be a more realistic alternative to improving economic performance than the good governance package. This is not to say that governance programmes that provide technical assistance, develop commercial courts, clarify certain property rights, or help set up business associations, are necessarily a waste of time. Merely that the philosophy behind them, aiming at impersonal governance and a rigid separation between public and private spheres, is unrealistic. If the context is right, patrimonial arrangements may be a more hard-headed, cost-effective means of giving investors access to resources, basic security over property, political stability, and freedom from the most damaging forms of corruption.

At the same time our case studies show that the conditions in which developmental patrimonialism emerges are fairly rare. At the outset, the model requires a skilful leader with the personal authority to build a machinery for centralising rents. He or she must then be far-sighted enough to balance the political and economic demands of rent-creation and distribution, allocating sufficient rents both to growth spots, and to political rivals with the potential to derail growth through instability. Our case studies also hint at the idea that such a leader must be assisted by a fairly robust and competent technocracy (a proposition currently being explored in other work under this research stream).

The conditions in which growth is sustained are even more unusual. Damaging succession crises must be averted, meaning that a mechanism for the stable transfer of power must be devised. And as the economy diversifies, institutional arrangements that transcend the more basic forms of 'big-man' government need to be found. Some political contexts are doubtless

more likely to encourage this type of leadership and institution-building than others; but currently our knowledge of them is thin. In our view, recent work by Mushtaq Khan and Gareth Williams et al, represent useful first steps to advancing it (Williams et al., 2009; Khan, 2010).

In our actually existing African cases, developmental patrimonialism was not sustained. The reasons variously concerned increasing growth and diversification of the economy, declining faculties of the original patrimonial rulers, succession intrigues, and a failure to take adequate measures when the original import-substituting-industrialisation model had outlived its usefulness (all exacerbated by exogenous shocks). It would be interesting to know to what extent degeneration is an inevitable consequence of the model. Certainly, some of the political economy literature (Bates, 1981b; van de Walle, 2001), suggests that by nurturing rent-seeking, interventionist, urban-industrialist coalitions, with all their damaging economic effects, the two are necessarily connected. But the Asian literature suggests otherwise. Arguably, if our African developmental patrimonial states had followed the Asian example, they could have shifted toward more pro-poor rural spending and an increased openness of the manufacturing sector to world trade in the mid-1970s, when they still had sufficiently robust finances, and had built a foundation of industrial and technical expertise with which to do so (see Tracking Development studies: Henley and van Donge, 2009). As have seen, this unfortunately did not happen, and African states have yet to fully recover from the resulting crisis.

There is another reason why policy makers may treat the developmental patrimonial model with caution. In four of our examples it was associated with dictatorial single-party regimes, while in the fourth, contemporary Rwanda, with a dominant party regime that has a reputation for political intolerance. Whether political repression of this magnitude is essential to the model's success we cannot at this point answer. However, it seems likely that *vigorous* multi-party competition in African contexts destroys its foundation, by encouraging leaders to take a short-term view of rent allocation. It is also difficult to control corruption using rule of law measures. The relation also seems unlikely to hold in countries with presidential term limits (especially two-term ones), since a president in his second term has little incentive to manage rents with a long view.<sup>22</sup> Policy makers and donors will want to consider whether a possible deterioration in human rights and civil liberties are justified when weighed against potential economic performance gains.

Rwanda is the only country in our sample characterised by developmental patrimonialism that allows any multi-party competition at all. This is one of the reasons we believe the Tristar experiment to be so interesting. We think the institution of the party holding company potentially provides an ingenious coordinating mechanism that can be used both to direct resources to potential growth areas, and to help ameliorate political instability. Work currently ongoing in this research programme is addressing the strengths and weaknesses of the 'partystatal' model elsewhere.

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<sup>22</sup> We offer in support of this the record of Tanzanian President Benjamin Mkapa's second term in office, which saw him shift from being an anti-corruption crusader to someone seriously tainted by allegations of corruption.

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