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RESOURCES AND DEVELOPMENT

The role of the state in sub-Saharan Africa

Godwin Onuoha

August 2008

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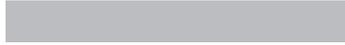
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1. Introduction

This paper analyses the perverse and inverse relationship between wealth in natural resources and economic development in sub-Saharan Africa. It examines the linkages between these two factors, attributes of the dominant economic sectors of resource-rich countries in the region, and the current and potential role of the state in development. This leads to an examination of the capacity of the state in sub-Saharan Africa to foster indigenous development based on its dominant sectors, and the possibility of 'developmental states' emerging in the region. Contrary to the thesis that rapid globalisation is eroding state capacity, and rendering the nation-state irrelevant, trends in other developing regions of the world (Latin America and East Asia) show that the state remains relevant in shaping economic choices and building better or worse development paths in the context of local and global networks.

Drawing on two prominent cases in sub-Saharan Africa -- oil exploration in Nigeria, and copper mining in Zambia – this discourse reflects the need to reclaim space for policy formulation; it points to the urgent need to rethink development in those sectors in the face of multinational corporations that dominate the major sectors of these economies and entrench a process of global extraction. Emphasis is placed on the character and attributes of the dominant sectors through which these states are linked to the global economy, and how these sectors shape the ability of the state to foster indigenous development.

In today's global economy, the march of capital in search of profit is powerfully captured and reflected in the reach of multinational corporations. These tendencies are particularly relevant in sub-Saharan Africa, where limits to state capacity make them pervasive and consequential. By virtue of their transnational links, structure of ownership, firm size, political clout, and contribution to state income, these multinationals define the matrixes of growth and development within their host state. Empirical outcomes in these sectors have depended on complex social power relationships and previous local development paths. Social institutions have become territorially entrenched within social networks and the role of the state in the process of development.

For Nigeria and Zambia, the oil boom era and the prospects of development in the Copper Belt have failed to engender national development. Privatisation, liberalisation and deregulation of the economy, combined with a commitment to market forces makes it impossible to achieve state-led national growth. With the considerable shifts in global economic power occasioned by the emergence of India and China, the competition for resources in Africa has intensified, and the impetus for development is subject to external priorities and pressures. The global policy framework in Africa, which is based on market fundamentalism and opening its economies to foreign investment, denies African governments the opportunity to initiate development. Thus, in a globally imposed marketing project, Africa becomes a weak appendage in a hegemonic global order.

In rethinking and redesigning development strategies for these sectors, it is apposite to recognise sector-specific strategies, the importance of initial conditions, the significance of

institutions, the relevance of politics in economics, and the critical role of governance. It is also imperative to note that growth and development in resource-rich economies will not be realised by the amount of income generated by rents, royalties and taxes, but by how the dominant sectors in these economies are explored and harnessed for development purposes. These sectors can serve as growth points where inter-sectoral linkages can evolve and lead to overall national growth and development. To achieve this, the benchmarks of national interest, economic growth and development – not globalisation and market economics – must be the driving force for initiating, formulating and implementing policy.

This paper consists of six sections. The introduction articulates the main issues, arguments and positions of the paper. The second section examines the theory and practice of the developmental state. This entails a theoretical and empirical overview of four country cases in the East Asian developmental state experience. It transcends the more general theoretical construct, but engages the developmental state as an empirical reality rooted in specific local settings. The third section looks at the ‘impossibility thesis’ and unravels the myth and reality in the rendition of the African developmental experience. The objective is to explore the reasons and factors liable for the breakdown or redundancy of developmental state projects in Africa, and distinguish between the domestic transformative capacities of African states and the impact of global forces on these economies.

The fourth section deals with the challenge of development in African states. It focuses on the importance of developing capacity to initiate and effect significant changes to the organisation of the state and its role in facilitating economic, social and political development, while highlighting the need to critically reflect on resource-rich sectors of the economy.

The next section explores concrete experiences and lessons from natural resource sectors (oil and copper) in sub-Saharan Africa. It deals with the core issues by analysing the sectoral approach in two cases (Nigeria and Zambia). It discusses the emergence of these sectors under circumstances of colonialism, foreign concessions and nationalisation, followed by an examination of the impact of economic reforms on the dominant sectors of these economies, and the march towards privatisation.

The last section sums up the arguments and analysis, and offers some suggestions on how to employ the dominant sectors in driving economic development in these countries. The idea of the developmental state adopted in this paper, whether perceived as a general theory, a model of economic development to be emulated, or a set of institutions and policy practices, is by no means exhaustive. The most important consideration is the value added to the literature by taking as a starting point the general features of what has come to be known as the developmental state model (both in theory and practice) and applying it to empirical observations and country-specific lessons in sub-Saharan Africa.

2. Perspectives on the developmental state

Historically, the idea of a central role for the state in the process of development dates back to the Meiji era in Japan, then to Prussia under Bismarck, and through to Gerschenkron and accounts of the Soviet 'catch-up' with the West. The government of these states adopted a state-designed developmental path which favoured state interventionism over a liberal open market. In the 1950s and 1960s, as a result of post-war planning models associated with import-substitution industrialisation and careful economic controls (Keelley 2003), dominant theories on post-World War II development were based on assumptions that state apparatuses could be employed to foster structural change and initiate a developmental process. First and foremost, the state was charged with the promotion of industrial acceleration, the modernisation of agriculture, and the provision of the necessary infrastructure for urbanisation. This aptly captured the 'first wave' of developmental thinking on the role of the state in the process of development (Evans 1992).

In the following decades, when the transformations anticipated by these models failed to materialise for most of the developing countries, a new opinion emerged within the context of the on-going crisis that called for a different view of the role of the state in development.

Linked primarily to International Financial Institutions (IFIs), this school of thought suggested that the state was not, as had been earlier thought, the solution to development, but the problem. Development was to be achieved through less of the state in bureaucratic, interventionist, and regulatory terms, and through the application of market principles and laissez-faire economics. As Evans (1992: 139) observes, this diminished the image of the state as the superior agent of change, and gave rise to considering the state as the principal obstacle to development. This in turn generated a 'second wave' of thinking on its role in the process of development. The image of the state as a problem was partly due to its failure to perform the tasks set out by the earlier agenda, and its inability to cope with structural changes in the 1970s and 1980s.

These include the downturn in the growth of world trade, the dramatic rise in real interest rates and the drying up of commercial loans, which forced most developing countries to refocus on adjusting to the constraints imposed by the global economic environment (Stallings 1992). On balance, different responses were elicited in different regions of the developing world. In Africa, the travesty of post-colonial hopes and the collapse of the post-colonial social contract played out in most states. (Dutkiewicz and Williams: 1987), while in Latin America, bloated state bureaucracies served as the target in the quest to unravel the roots of the crisis-ridden stagnation that confronted countries in the region (de Soto 1989). Thus, shifts in the global economic agenda, and the negative appraisals of previous performances by the state, when combined with changes in the ideological and intellectual environment, made the leading question in the developmental debate 'whether the state should even try to be an active economic agent.' (Evans 1992: 140).

By the mid-1980s, minimalist theories of the state, which sought to limit state involvement in the developmental process, was upheld by orthodox economic prescriptions that

perceived the state as incapable of coping with the problems of structural adjustment that confronted it. As Kahler (1990) notes, this view on the role of the state was self-limiting, and predictably threw up its own contradictions. Kahler points out that despite its contempt for political actors and their lack of 'good judgment', orthodox policy prescriptions held the contradictory view that the state (seen as the root of the problem) would in some unspecified way transform itself into a broker to initiate and implement the adjustment package.

This stance in itself was not empirically unrealistic; however, Waterbury (1992) emphasises that state managers have always played a prominent part in initiating privatisation, liberalisation and other policies accompanying structural adjustment.

At the end of the 1980s, renewed difficulties in implementing such structural adjustment programmes, and emerging doubts as to whether it was sufficient to ascertain future growth, led to re-thinking the state's role once more. Predominantly, the experience of the adjustment package in the developing economies, particularly in Africa, had been dismal, and tended to compound the problems it set out to solve in the first instance. Consequently, these developments led to the emergence of the 'third wave' thinking on the role of the state in development. Among other things, the centrality of the state in the development process, global structural change, and even in the structural adjustment programme, was reinforced. Developments in the Newly Industrializing Economies (NIEs) of South East Asia also revealed to a large extent the key presence of the 'interventionist state'. In contrast to its heavy-handedness, which was severely criticised by neo-liberal paradigms, the state in this context carefully planned to achieve definite strategic objectives, identified fundamental sectors for growth and industrialisation, protected nascent industries, channelled investment, vigorously intervened in the market through tax and interest rate policies, and offered targeted policies (Amsden 1989; White 1998; Wade 1990). The recognition of the state's centrality inescapably brought back the question of state capacity and even the nature of its intervention. Renewed emphasis was placed on the view that consistent pursuit of any policy, whether it is geared towards 'getting prices right' or 'planting a local industry', requires the durable institutionalisation of a complex set of political machinery (Evans 1992: 141).

At this time, the former bastions of orthodoxy – such as the World Bank – became inclined to consider the possibility that the problem of the developing countries may be linked not only to bad policies, but to institutional deficiencies that could only be addressed in the long-term – hence advocating the reconstruction of the state rather than dismantling it (Callaghy 1989).

The chief characteristic of the 'third wave' thinking about state and development is the recognition of the importance of state capacity, not merely in the context of the superior skill, ability or astuteness of state technocrats, but also within the framework of an institutional structure that is durable and effective (Evans 1992: 141). States engage in different developmental agenda at different times, and the institutional features that enhance the growth of local industrial transformation may well be inadequate for realising an agenda

of stabilisation and structural adjustment. Its empirical basis is anchored on an analysis of the institutional characteristics that separate the states that succeeded at this task, and those that failed. Africa, for instance, largely offers examples of states that have failed to engender local industrial growth and at the same time have been equally unsuccessful in securing growth by means of a programme of structural adjustment. In East Asia, successes in implementing programmes of industrial transformation have translated into success in dealing with issues of adjustment. The Latin American experience lies somewhere between the two. This lends credence to the view that there are certain institutional features that enhance the accomplishment of these tasks. Two tasks become apparent: the first is that it is critical to map out the essential elements of the developmental state; the second is that there is a need to examine how they apply to the African experience.

2.1 Developmental states: theory and practice

The developmental state literature gained prominence from the 1970s on the heels of the extraordinary economic performance of a group of developing economies in East Asia. These economies later gained the appellation of being the first-and-second-tier Newly Industrializing Economies (NIEs).¹ Since then the literature has not only attracted a number of variations and competing explanations, but has served as a veritable tool for extracting the essential elements and basic characteristics of the developmental state. The conventional perspective ascribes the rapid economic development of these economies to trade liberalisation and associated export promotion. It claims that the fast-paced growths in these economies were triggered by market-led, outward-oriented development strategies that ensured optimal allocation of resources (Fei and Ranis 1975; Myint 1982).

The heterodox school holds the non-conventional perspective. It locates the performance of these economies in strategic development and industrial policies that derive largely from a symbiotic relationship between the political and bureaucratic elites and entrepreneurs. These include a host of interventionist measures: the first involved a redirection of resources away from old to new industries in order to alter their long-term development trajectory; second, was the mediation of government–business relations through institutions and policies; and the third was the development of institutional and policy framework that supported their strategic and systematic integration into the global economy (Amsden 1989; 1991; UNCTAD 1996; 1997; Akyuz, Chang and Kozul-Wright 1998).

In spite of these contending explanations, extant literature differentiates the ‘developmental state’ from the ‘non-developmental state’ by both its ideology and structure. In terms of its ideology, the developmental state is fundamentally developmentalist since its primary preoccupation is to ensure sustained economic growth and development on the heels of high rates of accumulation, industrialisation and structural change (UNCTAD 2007: 60). This strand of literature emphasises the developmental goals of the state, aptly described by Mkandawire (2001) as the ideological character of the developmental state. According to this author, the ideological underpinnings of state policies are critical in pro-

viding the rationale for some of the policies, granting legitimacy to some of the forfeitures that might otherwise not be accepted, and in binding the ruling classes together. Other prominent views in this regard are those of Castells (1992) and Pronk (1997). For Castells (1992: 56), the state is developmental when it establishes as its principles of legitimacy, its ability to promote and sustain development, understood as the combination of steady and high rates of economic growth and structural change in the productive system, both domestically and in its relationship with the international community. Pronk (1997: 5) follows this line of thought, but defines a developmental state only in terms of its objectives; a developmental state is one that is able and willing to create and sustain a policy climate that promotes development by fostering productive investment, exports, growth, and human welfare.

According to Mkandawire (2001), this ideological bent ignores the institutional characteristics referred to as the 'state-structure nexus', which enables a particular state to achieve growth and development while others do not. Therefore, in his view, a developmental state 'is one whose ideological underpinnings are developmental and one that seriously attempts to deploy its administrative and political resources to the task of economic development' (Mkandawire 2001: 291). Structurally, such a state has (or develops) the capacity to carry out economic policies that effectively deliver development, which, in turn, engenders a form of legitimacy. This puts a premium on the institutional, technical, administrative, organisational and political configurations of the state from which its capacity is derived. Within this context, the strength of the state shows in its ability to enjoy a certain level of autonomy from social forces that might otherwise derail the developmental process. At the same time, it develops some 'social anchoring' that prevents it from using its autonomy in a predatory manner, thereby, securing the approval of key social actors (Castells 1992; Myrdal 1968; and Mkandawire 2001). As Evans (1995) argues, what makes a developmental state effective is not just its autonomy, but an 'embedded autonomy' which immerses the state in a network of ties that bind groups or classes together as allies in the pursuit of societal goals.

A theoretical review of the 'classic institutionalist' perspectives of Weber, Gerschenkron, Hirschman and other proponents of the intuitionist persuasion, reveals an emphasis on certain institutional features which could facilitate both sets of tasks. Their positions emphasise the complementary nature of state structures and markets, particularly in promoting industrial transformation. Weber's line of reasoning is that the functioning of a large-scale capitalist enterprise relies on the availability of the kind of arrangement that only a modern bureaucratic state can provide. Weber's assumption of this intimate relationship was based on the conception of a bureaucratic state apparatus primarily concerned with carrying out its tasks and contributing to the fulfillment of the goals of the apparatus as a whole (Roth and Wittich 1968). Later observers, like Gerschenkron, have enlarged Weber's vision of the state's role. Gerschenkron's work on late developers, while complementing Weber's position – which focused on the specific contributions of the state apparatus to address the challenges engendered by the separation between the scale of

economic activity required for development and the effective scope of existing social networks – raised a new argument that the ability to implement rules is necessary, but not sufficient. To him, the core of the problem faced by late developers lies in the absence of institutions which are neither able nor willing to assume this role (Gerschenkron 1962). Emphasising this point, Hirschman (1958: 35) stretches the argument to point out that what is lacking is ‘the perception of investment opportunities and transformation into actual investments’. Taken together, these positions suggest that the state’s role involves a high level of responsiveness to the process of development.

Based on the foregoing, states that are successful in undertaking the task Weber, Gerschenkron and Hirschman describe, are justifiably referred to as ‘developmental states’; this is because they extract surplus and provide collective goods at the same time, in the long run fostering entrepreneurial perspectives among private elites by multiplying the incentives to embark on transformative investments, and on the effects of these actions, rather than impeding economic growth (Evans 1992: 147). In spite of these agreements, there is still no consensus on the features that make these states developmental. Different authors have identified several structures that are present in certain cases, but are not self-evident in others. As Rueschemeyer and Evans (1985: 44–47) note, the relationship between state capacity and insulation (or autonomy) is more ambiguous in the Gerschenkronian/Hirschmanian case than in Weber’s.

However, what emerges is that irrespective of the structural features underpinning the capacity of the state in a particular context, such features prove to be crucial in determining the state’s role in the process of development; this brings into sharp relief the distinction between developmental and non-developmental states.

2.2 The Asian model

The economic success of the major East Asian NICs at the end of the 1970s led to new research on the region. This prompted the formulation of the developmental state theory in scholarly debate and literature. In neo-classical perspectives, these developments were attributed to the active involvement of the state (Amsden 1979; Jones and Sakong 1980). The East Asian cases are not only relevant in understanding the role of the state in the developmental process, they also provide some insight into the structural and institutional underpinnings of state intervention. Although there were marked differences in these economies, they had certain features in common. The UNCTAD Report (1996; 1997) on the East Asian NICs reveals three characteristics that were crucial to the developmental project in these countries and critical in the analysis of developmental states.

The first had to do with institutional reforms and policy interventions which centred on a profit-investment nexus and were indispensable to the growth process. The second revealed the independent and close linkage with export, an export-investment nexus. The third showed that the process of managing economic rents ensures their beneficial impact on the development process. In their analysis of the developmental strategies of East Asian

countries, Akyuz, Chang and Kozul-Wright (1998) confirm these three principles as common denominators.

2.2.1 Japan

The case of the active state in Japan served as an institutional basis for a regional model of rapid industrialisation in East Asia, and provides a starting point for understanding the developmental state. Johnson's (1982) narrative of the successes of the Ministry of International Trade and Industry (MITI) vividly captures the workings of the developmental state in practice. This account was also striking in that it corresponds to a complex execution of what the ideas of Gerschenkron and Hirschman reveal in practice (Evans 1992). In the aftermath of World War II, Johnson (1982: 236) observed that the Japanese state acted as an agent for the fragile capitalist markets and influenced transformative investment decisions in those capital-scarce years. Thus, the state's centrality to the delivery of new capital enabled MITI to acquire a pivotal industrial policy role. Given its function in the approval of investment loans, its authority over foreign currency allocations for industrial purposes and its licence to import foreign technology, MITI was well placed to maximise induced decision-making.

In terms of the external networks connecting the state and private realm, Nakane (cited in Okimoto 1989: 170) notes that 'the administrative web is woven more thoroughly into Japanese society than perhaps any other in the real world'. As such, Japanese industrial policy relies heavily on the ties that connect MITI and major industrialists (Okimoto 1989: 175). The pivotal nature of these ties has led some to argue that the state's efficiency emerged 'not from its own inherent capacity but from the complexity and stability of its interaction with market players' (Samuels 1987: 262). This stresses Evans's (1995) concept of 'embedded autonomy' which constitutes a key aspect of the developmental state. This form of 'embedded autonomy' combines aspects of Weber's bureaucratic insulation with extreme intermingling with the surrounding social structure. The outcome of this process rests largely on the historically determined character of the state apparatus and the social context in which it is embedded.

2.2.2 Korea

Despite its chaotic 20th century history, Korea was able to inculcate a particular corporate culture embodied in the Economic Planning Board (EPB). Notwithstanding its limitations, one of the key features of the Korean state bureaucracy was the relatively favoured position held by the EPB as a single pilot agency charged with the responsibility of being a 'superagency' in the economic arena (Kim 1987: 115). Its ability to coordinate economic policies through the budgetary process was bolstered by the Economic Ministers Consultation Committee (Choi 1987: 50). Cheng (1987: 231-232) notes that the existence of a pilot agency does not preclude the contestation of policy positions between the EPB and the Ministry of Trade and Industry (MTI) in the bureaucracy. Yet, as Evans (1992: 157) points out, the existence of a particular agency with a generally recognised capacity in the

economic arena allowed for the concentration of talent and expertise, and gave economic policy the coherence that it lacks in a less clearly organised state apparatus.

In a bid to harness private entrepreneurship and managerial expertise, the ties between the state and the large conglomerates (known as Chaebol) were developed and grew in the course of the 1970s. As in the case of Japan, the mutual relationship between the state and Chaebol in Korea was based on the fact that the state had the means to attract capital in a capital-scarce environment, and by virtue of its ability to allocate capital, the state enhanced the concentration of economic power in the hands of the Chaebol and 'aggressively orchestrated' their activities (Wade 1990: 320). But in contrast to the Japanese experience, the manner of embeddedness in the Korean model was a much more top-down affair, lacking the well developed intermediary association; it focused on a much smaller number of firms. The Korean state may not portray the general institutional relationship with the private sector as the MITI in Japan, since it never totally escaped the risk of particularistic interests of individual firms translating into unproductive rent-seeking (Haggard and Moon 1990).

2.2.3 Taiwan

Similarly, the state in Taiwan was central to the process of industrial accumulation by virtue of its ability to channel capital into risky investments, enhance the capacity of private firms to take on the international markets, and confront entrepreneurial functions directly through state-owned enterprises. The classic, meritocratically-recruited Weberian bureaucracy determined the ability of the state in Taiwan (as in Korea) to effectively undertake this role, but owing to differences in the historical experiences of both states, there were different patterns of relationships with the private sector, consequently leading to different patterns of state entrepreneurship (Evans 1992: 158). In the case of Taiwan, the Kuomintang (KMT) was central to this arrangement. On arriving on the island, the KMT remade itself, launched a governmental apparatus, and put together a small set of elite economic policy organisations similar in scope and expertise to Japan's MITI (Wade 1990). Without discounting the cardinal transformation in the character of the KMT apparatus, it is pertinent to state that as in the case of Korea, the existence of a long bureaucratic tradition gave the regime a foundation on which to build. Apart from the political cohesion provided by the party at the top, there was also an economic bureaucracy with a considerable degree of managerial experience (Wade 1990: 272-273).

Taiwan's State-Owned Enterprises (SOEs) served as key instruments of industrial development with direct entrepreneurial contribution, and also provided a training ground for economic leadership in the central state bureaucracy. This enabled economic policy formulation in Taiwan to grow out of 'a little understood but apparently vigorous policy network which links the central economic bureaus with public enterprises and public banks' (Wade 1990: 275, 295). In contrast to the Japanese and Korean versions of the developmental state, Evans (1992: 161) points out that the Taiwanese state operates efficiently with a 'less dense set of public-private network ties'. This raises the question: whether embeddedness is a necessary component of the developmental state.

Another feature of the Taiwanese developmental state is its extremely selective interventions. Wade (1990: 226) refers to this as a bureaucracy with a 'filtering mechanism' that focuses the attention of policy-makers and the private sector on products and processes crucial to future industrial growth. Here, the issue of selectivity becomes crucial as a general feature of developmental states when one considers the Japanese example of the state limiting itself to strategically selected economic involvement after the war (Johnson 1982; Okimoto 1989).

2.2.4 China

Developments in China place it between a free-market capitalist economic system and a centrally planned economic system, evoking an appellation known as a planned-rational capitalist system 'conjoining private ownership with state guidance' (Woo-Cummings 1999: 2). Without doubt, the post-socialist transformation of China has been aimed at meaningful acceleration of a socioeconomic developmental path which had been part of China's institutional arrangement prior to the reform era. Consequently, one of the main goals of the Chinese Communist Party (CCP) upon assuming power was to surmount backwardness and permit the state to develop faster. In spite of some misplaced policies and misguided strategies, some positive changes were recorded (Lin 2006). Where industrialisation is concerned, China has built on the efforts of the pre-reform era, while modernising the sector, changing its profile to a certain extent, and developing new branches (Bolesta 2007: 109).

Owing to its communist legacy and a lack of democratic rule and procedures, the state in China has all the means to intervene in every aspect of the political, social and economic sphere. Thus China can be described as an interventionist state since it so far controls the developmental directions of the country and realises its strategies. There is a widespread belief that China's deviation from socialism is not definite and decided, and that it does not have a fully fledged capitalist economic system. Confusion still exists in scholarly circles about China's economic arrangements, because the communist party bureaucracy still maintains power, and by virtue of its structure, cannot preside over a capitalist system (Balcerowicz 1995). This line of argument tends to infuse the logic that China is not an example of a developmental state since the developmental state theory can only be applied to market economic conditions. But as Bolesta (2007: 110) contends, these assumptions may seem incorrect for the reason that capitalist systems around the world are different, and China's model merely presents another type of capitalism.

Current trends show that China has followed a developmental state pattern. Its current growth is export-driven; Chinese authorities conduct a developmental policy through industrialisation in an undemocratic context, and the state supervises the economic changes of the country and intervenes where necessary (Bolesta 2007). It can thus be deduced that China is an example of a developmental state when one considers the state's philosophy and ideology, which puts development at the forefront of the agenda and creates an adequate atmosphere for its developmental efforts. This raises questions about the

viability of the developmental state theory as it was developed in the 1970s and 1980s, and demands a reformulation of the theory based on the retrospective economic achievements of certain states in the contemporary global economy.

Based on a general agreement of international research on the subject, certain salient structural features are evident in developmental states. These include: an interventionist state, competent bureaucracy, corporate coherence, and embedded autonomy. However, the East Asian cases confirm the following trends:

- A developmental state is one in which the state's socio-economic aims and objectives are driven by a philosophy and ideology of development.
- Industrialisation plays a key role in the achievement of these objectives.
- Regardless of the fact that the state's strategy and goals might be drafted and driven by the ruling elites, the state's transformation is facilitated by a capable bureaucracy and state administration.
- These processes occur within the context of an institutional environment in which the state dictates not only the directions of development by virtue of its interventionist nature, but also the rules and norms of social, political and economic existence.
- Irrespective of the strong presence of the interventionist state, the economic environment is largely capitalist in nature and the private sector plays a critical role in the development of the country. It is important to fully acknowledge the developmental achievements that the East Asian states have experienced since the 1970s and 1980s, and which have been touted and adopted as a model that defines an appropriate developmental path for countries in the global South. However, in the case of Africa, it is important to fully grasp the domestic and international contexts of attempts to follow a developmental path, and how this has shaped prospects for development in the region.

3. Developmental states in Africa: myth and reality

The search for a developmental path in Africa has become crucial. As several writers have observed, there have been attempts to extract and apply the lessons of the East Asian countries to other parts of the developing world, particularly in sub-Saharan Africa (Mkandawire 2001; UNCTAD 1996; 1997; 1998; Akyuz, Chang and Kozul-Wright 1998; Sindzingre 2004). Moreover, doubts have been expressed about sub-Saharan Africa's quality of institutional infrastructures, and the capacity of the state to devise, execute and supervise complex and demanding policies that were at the core of the East Asian success (UNCTAD 2007: 74). Much of this assumption is based on the conclusion that African states are inherently corrupt and predatory, run by rent-seeking and kleptocratic state officials who advance their private interests over those of the state, and use the proceeds from rent for patronage politics. This view of the African state is prevalent in the literature and widespread among Africanist scholars and observers (Bates 1981; Chazan 1988; Frimpong-Ansah 1992; Rothchild 1994; Chabal and Daloz 1999; Bayart 1993).

In a general sense, this perception of the African state presents a somewhat distorted picture of the African reality by selecting some problematic episodes in the continent's history as a yardstick for their poor economic performances. Mkandawire (2001: 294) links this to the 'ideological, paradigmatic and structural shifts in both domestic and international spheres' particularly associated with the anti-state rhetoric which characterised neo-liberalism in the 1980s. It is a rendition of African history based on ideological preferences, as opposed to a careful analysis of the role of internal and external factors. Based on history, policy outlook and dominant discourses, this section attempts to re-read the African state and its place in the developmental process.

3.1 Re-reading Africa's history

In assessing the role of the state in the developmental process in Africa, it is pertinent to view particular economic outcomes as products of specific historical trajectories. The state in most of Africa is a colonial project and a product of competition between colonial powers for access to resources. This development left some lasting impressions on the evolution of the post-colonial state in Africa (Arrighi 2002: 24). It is safe to argue that post-colonial state formation in Africa was largely a product of certain historical and geopolitical developments that continue to inform the nature of politics, economics and society. In spite of these challenges, the first two decades of independence were characterised by efforts to give meaning to the social bargain that underpinned the nationalist struggle. According to Olukoshi (2002), irrespective of their ideological leanings (socialist, free-market or mixed economy orientation), post-independence governments in Africa invested a great deal in the expansion of the physical and social infrastructure of their countries in a manner exceeding what colonialism offered, and they also reserved an important role for the state in this process. In the face of huge demands and expectations from post-colonial leadership in Africa, access to education, modern health facilities, transportation, housing, and skills development in every sector was increasingly widened.

However, these developments were not unconnected to the reasonably high levels of economic growth that most African states recorded in the first decade of independence. This growth rate placed virtually all African countries above their population growth, and they were also sustained during this period (1960-1975) (Bangura 1992: 60-61; Mkandawire 2001). Rodrik's (1998) analysis of the development experience in most developing countries during the same period (those that experienced at least a 3 per cent GDP per capita) reveal that 11 of the best performing 50 countries were in Africa, 9 of them in sub-Saharan Africa. The fastest-growing country was in Africa (Gabon), and Botswana's growth rate (1960-1975) exceeded Hong Kong's (China), Taiwan Province of China, Malaysia, and Thailand.

An observation of the growth performance of developing countries from 1967 to 1980 yielded similar results. Out of 27 countries that achieved an annual growth rate of 6 per cent over more than a decade during this period, more than a third (10) were African coun-

tries. Apart from mineral-rich countries like Gabon, Nigeria, Botswana and Republic of Congo – all of which recorded remarkable growth – other African countries, such as Kenya and Cote d'Ivoire, performed better than Indonesia and Malaysia. As observed by several scholars (Bangura 1992; Mkandawire 2001; and Arrighi 2002), a nuanced assessment of the political and economic history of the continent reveals a rather different picture from the dominant analytical tradition that insists on the impossibility of states in Africa being developmental. Hence, most arguments advanced by this idea are not firmly anchored in African historical experience, so developmental states are not completely alien to African states (Mkandawire 2001), and some writers have even characterised the post-colonial African state as 'developmentalist' by definition (Gibbon 1997).

3.2 Domestic policy environment

One of the major consequences of misreading Africa's economic history, and the dismissal of the achievements of the first two decades of independence, is the initiation of misleading policies concerning Africa's development problem. The World Bank's Berg Report (1981), which contained a brief history of Africa's post-colonial development and the role of the state in that process, portrayed both post-colonial policy and performance as unmitigated and undifferentiated disasters. According to Mkandawire (2001: 303), the report 'had in many ways misrepresented Africa's economic performance during the preceding two decades... (It) under-estimated the enormous importance to African economies of external conjuncture and the role of foreign expertise'. The veracity of the Berg Report and its analysis of the African economic crisis were taken for granted by most analysts of the African economy. Adopting the publication as a springboard, they derived generalisations from it and provided political explanations for such poor policy performances. Indeed, the Berg Report laid the foundation for the neo-liberal paradigm that characterised the World Bank/IMF adjustment package of the 1980s and 1990s in Africa. The World Bank identified 'structural' factors as being responsible for 'domestic policy inadequacies' and went on to anchor the main thrust of its policy recommendations on the Report (UNCTAD 2007: 75).

The increasing popularity of the neoliberals also coincided with the emergence of conservative right-wing governments in key countries of Europe and North America, which influenced the dominant outlook within the Bank and the Fund at a time when the African development crisis dominated the debate within these institutions. For this reason, there was an uncritical acceptance of the Berg Report as the only alternative (Mkandawire 2001; Arrighi 2002: 30-32). The Report's policy prescriptions held sway on the continent for almost three decades, with obvious consequences for the development agenda (UNCTAD 2002; Arrighi 2002: 32). As Olukoshi (2002) points out, economic growth within the first two decades of independence was about 6 per cent on average; this was far from the experiences of the 1980s and 1990s, when 4 per cent growth rates were rare and were hailed as successful under the framework of the adjustment programme. Apart from dismissing outright the achievements of the first two decades of independence, the World Bank/IMF

adjustment package also failed to distill from policy objectives, principles and instruments employed during this period to inform their prescriptions for the continent.

3.3 Discourse on wealth of natural resources and development

The impact of external and internal factors in Africa's development agenda is often contested, particularly as regards the natural resource wealth/development discourse. Although conventional wisdom in the 1950s was that abundance of natural resources gave enormous advantages to countries endowed with such resources (Viner 1952; Lewis 1955; Rostow 1961; Krueger 1980: 288-292; Balassa 1980; Drake 1972), the 1980s witnessed an upsurge in the emergence of scholarly literature that challenged this view, pointing out the negative effects. This view holds that abundant natural resources exacerbate the likelihood of resource-rich countries being subjected to adverse political, economic and social outcomes, culminating in poor economic performance, low levels of democracy, and civil war (Rosser 2006). This position, popularly known as the 'resource curse', gained currency, became influential, and was widely accepted by officials, researchers and policy-makers in international financial institutions, the World Bank and the IMF (Sala-i-Martin and Subramanian 2003; Davis, Ossowski and Fedelino 2003; Leite and Weidmann 1999; Sarraf and Jiwaji 2001).

In sub-Saharan Africa, this thesis explains the underdevelopment in resource-rich countries of the region by demonstrating how vast natural resource endowments dampen and weaken the prospects for development, ironically eliciting competition, struggle for access and control of resources, or initiating an outright armed conflict. It also provides explanations for the poverty, human rights abuse, lack of development, and conflict-ridden character of sub-Saharan African states. A link is forged between resource abundance on the one hand and the prevalence of poor governance, absence of the rule of law, and lack of economic development on the other. It reveals how institutional weakness and poor governance can translate into the inability of the state to effectively manage its resource wealth and contribute to national development and stability (Boschini, Patterson and Roine 2003; Ross 2001). Boschini, Patterson and Roine (2003) further add that resource-rich countries are 'cursed' only if they have 'low quality institutions', and what they refer to as 'appropriability' or profitability of the resources, based on institutional capacities and national control.

Resource-rich (but poor) economies like Angola, Sierra-Leone and the DRC, are contrasted with oil-rich (and developed) Norway. The explanation offered is that the latter was successful in transforming resource wealth into development because of its institutional capacities. Taken together, the picture that emerges is one that depicts resource wealth as subversive of the process of development.

Notwithstanding this view and its seeming attractions, the 'resource curse' thesis fails to fully grasp the complex dimensions of the political and international linkages that underpin the absence of development in resource-rich African countries. Specifically, this

relates to the contradictory manner through which Africa is integrated into the global capitalist system, both in the early and monopoly stages of capitalism; it over-emphasises and exaggerates the impact of a mono-causal factor, among many, as the leading cause of the absence of development. A critical reflection reveals a host of inter-related factors (both local and global) as opposed to the inevitability of a mono-causal factor. As such, the chief weakness of the 'resource curse' thesis is that it glosses over the fundamental questions relating to the nature and character of the extractive industries in Africa and its external linkages (Obi 2001). Secondly, it fails to adequately address the question of who the dominant players in these sectors are. While excessive attention is focused on local actors and factors – the state and the political elites, weak and inept bureaucracies, institutional weakness and the absence of state capacity – very little focus is placed on the role of external and transnational forces and the absence of transparency that conceals the extent of their involvement in Africa's 'resource curse'.

4. The state and the challenge of development in Africa

The diversity of perspectives of African economic development opens it up to a plethora of views and analysis. Within this context, this section of the paper engages the prospects of state developmentalism with a view to exploring the challenges confronting the existence of such states in Africa. First, much of the explanations of Africa's development challenge appear to be conjectural, rather than being rooted and based in the actual economic and political history of the continent. Second, most of these analyses are derived from discriminatory comparisons between African states in crisis and idealised or tendentiously characterised states elsewhere. Third, these analyses fail to capture and explain the obvious variations in economic performances among (and within) African countries over time, thereby portraying certain speculative features as if they constitute permanent structural features of these states. The fundamental outcome of misinterpreting African experiences is the reinforcement of a deep-seated penchant that makes it difficult to understand Africa's strengths and weaknesses.

As already noted, both external and internal factors are implicated in Africa's development crisis. External factors and institutions have had a much greater impact on Africa's economic and political condition than is normally acknowledged. While these factors have had severe adverse consequences for the character of political and economic governance in most countries, this does not completely absolve the internally incapacitating political and economic dynamics which reinforce these processes. This calls for an examination of both the international and domestic contexts. Therefore, the key questions that arise are these:

- What exactly is the developmental state in the African context?
- What can the state do to foster development based on its dominant sectors?
- Does the state have the capacity and capability to prioritise its national interest and pursue such a goal in the contemporary global economy?

A major challenge exists in defining a developmental state in the African context, which stems from those definitions of the 'developmental state' that are frequently deduced from the performance of the economy, thereby equating economic success with state strength. It follows that those African states that experienced relative economic success in the first two decades of independence were then qualified to be 'developmentalist' by definition, but are now 'anti-developmental' owing to a combination of factors that have played out in several economic, political and social crises. As Mbambazi and Taylor (2005) argue, in considering the developmental state in Africa, attention should be focused on states with ideological underpinnings that are developmental, and those states that earnestly attempt to deploy their administrative and political resources in the task of economic development. Some authors have argued that developmental states are unique to East Asia and cannot be replicated elsewhere (Oni 1991: 13), while others maintain that the Asian model cannot be generalised because only a certain number of states can pursue the export-oriented growth model side of the developmental state (Cline 1992).

However, extant literatures still demonstrate that developmental states are not limited to East Asia, but also exist in Africa. In Richard Kearney's (1990: 8) survey of Mauritius, there is an observation that the continuation of Mauritian development presupposed an effective government macro-economic policy intervention in both monetary and fiscal terms. The study also presumes the maintenance of an entrepreneurial climate to aid the diversification and exploitation of new manufacturing niches in the private sector. On this basis, other writers like Meisenhelder (1997) conclude that Mauritius is a developmental state.

According to Leftwich (1995: 405), there are six major defining characteristics of a typical developmental state:

- a determined developmental state
- relative autonomy
- a powerful, competent and insulated bureaucracy
- a weak and subordinated civil society
- the effective management of non-state economic interests
- legitimacy and performance.

In effect, this combines both the ideological and structural strands of the developmental state that distinguishes it from the non-developmental states. What is crucial is the existence of a capable and autonomous bureaucracy that utilises the market and formulates national goals, and one that has the competence and resources to implement these goals (Evans 1995). Chang (1987: 192-199) argues that successful developmental states must pursue policies that coordinate investment plans; have a national development vision implying that the state is also an entrepreneurial agent that commits to institutional building to promote growth and development; and finally, function in conflict management and mediate in conflicts that emerge from the reactions and counter-reactions to the developmental agenda between competing interests.

In Johnson's study of MITI and the Japanese Miracle (1982), four crucial components

of the developmental state are advanced. These are: the presence of a small but efficient state bureaucracy; a political environment that enables this bureaucracy to possess enough latitude to function and take policy initiatives independent of excessive interference from vested interests; the forging of methods of state intervention in the economy without undermining market principles (market-conforming); and a pilot organisation. To be sure, the concept of 'market-conforming' in this context does not simply refer to a situation where the government ensures that there is enough investment in people, or where it fosters a competitive climate for the private sector and maintains an 'open economy'. Rather, Johnson (1982: 19) more accurately perceives the market as a device that could be utilised for advancing a developmental agenda in a situation where the state itself is involved in 'setting substantive social and economic goals'. As Oni (1991: 110) further adds, 'it is this synergy between the state and the market that provides the basis for an outstanding development experience.' Thus, striking a balance between state influence and relative adaptability in a fairly free but guided market is imperative for the developmental state.

To advance the idea of developmental states in Africa, it is pertinent to draw from both Leftwich (1995) and Johnson (1982), and recognise the need for state politics to concentrate enough power, autonomy and capacity at the centre in order to shape, advance, and stimulate the accomplishment of definite developmental objectives. The state can achieve this by launching and promoting the conditions and directions for economic growth or by undertaking to organise this task directly, or through varying combinations of both strategies. In Africa, states must be intentionally motivated to promote development and utilise state resources to engender development side by side with the private sector and civil society.

The idea of 'developmentalism' in Africa cannot be synonymous with the Asian experience. Current conditions in Africa are not only different to those initial conditions prevalent in East Asia (in the 1950s and 1960s), but significant variations still exist within African states. The global economic context of the 1950s and 1960s is also fundamentally different for both East Asian and African countries. Given that African economies have undergone more than two decades of stagnation and de-industrialisation – and associated informalising of the economy, there are several reasons to be cautious of the notion of replicating development strategies from East Asia (UNCTAD 2006). However, this does not preclude African states from adopting some of the experiences of the East Asian model and contextualising them to suit African realities.

4.1 Natural resource governance

In the face of the intensifying international scramble for, and exploitation of, Africa's vast resources, Africa has witnessed a reinforcement of its subordinate position in the contemporary global economy, which has resulted into unprecedented poverty, de-industrialisation and social crises (Bond 2006). The cumulative impact of this scramble, the nature and value of these resources in global markets (both economically and strategically), the power

relations corresponding to the exploitation of these resources and the political economy of access, ownership and distribution, all serve to aggravate the crisis of development in resource-rich African economies. It is against this background that the idea of state developmentalism and its applicability to natural resource industries has become crucial. It is generally agreed that natural resource wealth can contribute to growth and development in Africa, if this is to materialise, there must be adequate governance systems, capacity to administer and monitor these sectors, and the forging of adequate linkages between natural resource sectors and other sectors of the local economy. The natural resource sectors can serve as 'growth poles' which connect other sectors of the economy through the promotion of local extraction and value-adding, fomenting the local inputs industry, and investing natural resource wealth in other sustainable activities (financial assets, human resource development and infrastructure).

The availability of wealth in natural resources does not lead to a lack of development in itself. Rather, emphasis must be placed on the political economy of access and extraction, the international market structures, and how these factors are mediated, constructed and transformed through market and power relations by the dominant. In the case of Africa's 'resource curse', resources have been transformed into other spheres as energy, profit and power, with obvious consequences for state capacity (Obi 2007: 15). Lending credence to this view, the vast amount of literature that has emerged over the years shows how the contradictions of intensified globalised exploitation of Africa's resources aggravate the crisis of development in the continent (Frynas and Paulo 2007; Melber 2007; Bond 2006; Ghazvinian 2007). In view of the enormity and immediacy of the challenges confronting mineral-rich economies in Africa, urgent action is required. For one, the concept of ownership of natural resources remains a thorny issue in most African countries. While mineral-rich economies claim ownership of these resources, they excessively rely on foreign capital to undertake major technical operations in these sectors, which obviates the need to take active part in the development of the sector. Hence, resource-rich states must be actively involved in planning and developing natural-resource projects. On this basis, ownership and participation should be evaluated in terms of local content, local supply chain and manpower, and the stimulation of local firms to provide services in these sectors.

Most African states have yet to gain the maximum benefits accruable from exploiting their natural resources; this situation has been compounded in the wake of the adjustment programmes targeting the dominant resource-rich sectors of African states. In a bid to attract foreign direct investments, excessively generous investment laws and regulations were promulgated, leading to wide-ranging reforms without any precedent in history (UNECA 2007). Clearly, it is thus important to review extant natural resource laws and regulations to adequately reflect and accommodate the interests of African states. More so, there is a need to engage with potential investors in order to understand their business motivations, business practices, and investment drivers. This requires strengthening the individual and collective negotiating capacity of African states, and integrating the sector in national development plans and strategies. Important insights can be gleaned from the

experiences of countries like Norway and Canada, and notably Botswana, where natural-resource wealth has been used to fuel growth and development. No doubt, Africa's huge resource sectors could be harnessed to engender growth and development with multiplier effects on the continent, but the key issue hinges on ensuring Africa's ownership of the development process, strengthening governance systems, reinforcing institutional capacity, investing natural resource-wealth in the production of knowledge for economic innovation, negotiating better terms with potential investors, and integrating natural-resource sectors into national development frameworks. Having outlined the prospects of development and the role of the state in resource-rich sectors of Africa, it becomes necessary to explore the capacity of African states to play a central role in pursuing a developmental path and unleash the potential inherent in these sectors in a globalised economy.

4.2 State capacity

Predominant perceptions of state capacity in an era of rapid globalisation often attribute less influence to the state as an agent of development. These arguments perceive accelerated globalisation as a phenomenon that cuts across territories and boundaries, and leads to the compression of space and time. As a consequence, it renders obsolete and redundant the traditional concepts of nation-state and sovereignty (Drezner 1998; Ohmae 1995). Since the emergence of globalisation in the late 1970s, debates over its nature, extent, significance, and impact on local economies have been rampant. The state no longer constitutes a static platform on which social, political and economic relations are constructed. In effect, the role of the state as 'power containers' appears to be diminishing, and the inherited model of self-enclosed territoriality, state-defined societies, economies and cultures are becoming highly problematic (Brenner et al 2003).

Others have argued that as the nation-state is gradually being 'hollowed out', its central functions continue to exist nominally and its sovereign capacities are increasingly being limited through a complex replacement of state powers and supranational governance institutions. Although global capitalist project and their uneven spatial development compels states at different levels (Duncan and Goodwin 1988), states have come to be seen as an increasingly important interface between the global and local order (Keil 2003). This view holds strongly that although the global economy is characterised by massive transnational flows of capital and labour, and is dominated by multinational corporations, the state is still not overrun. It contends that individual governments, interest groups and individuals have in many ways helped to create or harness global processes and networks to their own advantage (Appadurai and Holston 2003).

Thus it is critical to understand the state as occupying an indistinct but important position in the interaction between local and global forces (Kirby 1993). Furthermore, it occupies a key position and plays a key role in globalisation as a site for integration and mediation (Lefebvre 1991; 1996). In this context, the state no longer initiates action in the contemporary global economy. Rather, it reacts to global forces and changes in the global

economy. Confronted by the power of globalised production, decision-making and international finance, state actors are constrained to concentrate on enhancing national conditions for competing forms of integration (Mittelman 1996). Putting the state at the core of global and local relations calls for a fundamental rethinking of state capacity. In the light of developments in the contemporary global economy, efforts have been made to rethink the role of the state in the development process, which requires fresh analysis. With reference to the Bureaucratic Developmental States (BDS) (Evans 1992) and the Flexible Developmental States (FDS) (O’Riain 2000) models, alternative explanations are provided as to how different forms of local and global processes shape a country’s mode of integration into the global economy, and how these processes are nurtured and sustained by particular institutions. In order to realise the material gain accruing from globalisation, the state facilitates the processes this entails, and acts as a mediator between disparate global and local forces. According to Evans (1995), what matters in this context is not how much state intervention is necessary for development, but what kind of intervention. Different states create different capacities for state intervention and these structures define the range of roles that states can pursue. Thus, developmental outcomes depend on whether these roles fit the surrounding social context and how well they are executed by political elites.

Popular opinion that the role of the state should be curtailed in economic planning and management, and that the market must be granted a free reign in all discussions pertaining to economic progress, have proved problematic in Africa. The attendant effects of globalisation for resource-rich African economies has led to the privatisation, deregulation and commercialisation of these key sectors of the economy, thereby negating the active role of the state in promoting development in these sectors, except possibly as a minimalist regulator (Shaw 1997). This specific understanding of economic development is highly flawed, based on the fact that those African states that have played an active part in the promotion of social and economic development, like Botswana and Mauritius, have registered the most impressive track records in growth and economic progress (Mbambazi 2005: 54). The emergence of China and India as new economic power blocs in the 1990s further highlights the capacity for phenomenal growth outside the confines of neo-liberal policy prescriptions. Both countries carefully reserved some of their markets for domestic firms and selectively opened up others – accompanied by government policy prescriptions devoid of any external anchorage, but targeted resources for national development (Broad and Cavanagh 2006). Thus, it is central for African states to play ‘activist’ roles in the developmental process, particularly, in resource-rich sectors that provide the bulk of their foreign exchange earnings. This does not necessarily require protectionist economic policies; rather, it calls for a set of eclectic policy measures best suited to the specific development challenges confronting the extractive sector in each context.

In view of the central importance of the state to the process of development, it is pertinent to explore developments and policy measures in Africa’s resource rich-sectors in order to unravel the forces at play, and how this has impacted on the process of development. To undertake this task, attempts are made to juxtapose the impact of local and global forces at

play in these sectors. While the local is concerned with misrule, mal-administration, poor governance, corruption, and the repression of indigenous rights, the global is connected to the high premium placed on Africa's strategic resources in economic, monetary and military terms, and how this is deployed for the expansion and reproduction of global capitalism by a hegemonic alliance of trans-global elites and industrial powers. These empirical insights offer various assessments of the state's role, the balance of domestic and global forces that influence its behaviour, the identities of the political actors, the relationship between political and economic power, and the prospects for state action in these sectors.

5. Sectoral approach in context: different resources, same logic

Generally, the sectoral approach holds the view that development in a resource-rich economy depends on the attributes of the leading sectors through which that country is linked to the global economy (Frieden 1988; Gourevitch 1986; Karl 1997; Kurth 1979; Schafer 1994). An examination of the Nigerian and Zambian cases does not necessarily imply that both replicate the same experience. Rather, it delves into the complex challenges that confront resource-rich countries in sub-Saharan Africa in their quest to foster indigenous development through their dominant sector. It provides insight into the internal and external forces that interact to influence the development crisis, the various political, economic and social variables that mediate the relationship between natural resource wealth and development outcomes, and how these factors are shaped by a host of historical or related factors in each context. This paper partly probes these questions and the answers they produce to see if they are unique in each context. Or, if it is possible, to discern a pattern through which a theory of comparative political economy of sectors can be constructed which predicts the trajectories of different dominant sectors in different states, and the challenges and prospects for success?

5.1 Colonialism, foreign concessions and nationalisation in natural resource industries in Africa

The study of the oil industry in Nigeria and the copper industry in Zambia captures the sophisticated and complex cases of the relationship between multinational corporations and their host countries in Africa. With the attainment of political independence in the 1960s, there was a quest for 'permanent sovereignty' through nationalising natural-resource industries in Africa. By the late 1960s and early 1970s, there was a considerable shift in bargaining strength and ownership from foreign investors to host governments. This was based on measures endorsed by the UN General Assembly to enhance the recovery, exploitation, development, marketing, and distribution of natural resources – particularly of developing countries – in order to serve their national interests (UN General Assembly 1974). However, the analysis of the transition from foreign concessions to nationalisation in these industries can only be grasped within the context of local and glo-

bal forces that shape the industry. As Shafer (1985) notes, through nationalisation, most developing countries envisaged a variety of gains on different fronts, and nationalisation was perceived as an opportunity to provide a bulwark against the onslaught of a global economic system which they believed was structured against their own interest. These countries also believed that their resources were underpriced in the international market, and aspired for a greater share of the economic rents, a higher and more stable price for their resources. On the domestic front, the motive was to replace the corporate logic of profit with a national social welfare scheme. Nationalisation was perceived as a means of making rational economic planning possible and enhancing government's financial position in order to make economic diversification and the promotion of balanced economic growth attainable. Governments sought to generate employment and rally support indignously by taking over the most obvious symbols of 'foreign exploitation' – the multinational corporations.

5.2 Oil in Nigeria

As a product of British colonial enterprise, the state in Nigeria was forcefully integrated into the global capitalist structure prior to its independence in 1960. Oil was discovered in commercial quantity in 1956, and export began in 1958. But as far back as 1889, 1907, and 1914, the colonial state had legislated the monopoly of oil concessions to 'British or British allied capital' (Lolomari 1976: 6). Under colonial law, Shell was granted an exploration licence in 1938 that covered the entire mainland of Nigeria, an area of 36 000 square miles. This monopoly remained in place without local participation until 1959 (a year before Nigeria's independence) when it was reduced to 16 000 square miles (Shatzl 1968). Within this period, Shell established its control over the most viable oil acreages and reserves, and also consolidated its position over the other major oil companies who arrived later on the Nigerian oil scene, in 1959.² The implications and consequences of this dominance by multinational oil corporations only came into sharp relief with the collapse of the cash-crop economic base of the country in the mid-1960s. Prior to this, agriculture had served as the dominant sector of the Nigerian economy, accounting for about 40 per cent of non-oil GDP, 42 per cent of commodity exports, and employed about 70 per cent of the workforce (Gelb and Bienen 1988: 227). By 1969, the Nigerian military government responded to these changes and to secessionist claims to oil deposits in the Niger Delta by promulgating Decree No. 51 of 1969 to legitimise its control over all oil deposits in the country.³

From 1970 onwards, the administration of the Nigerian oil industry witnessed significant changes and became crucial as the mainstay of the Nigerian economy. Several changes and reforms were introduced, but in significant terms, government participation in the industry progressed from regulatory and supervisory roles to direct involvement in oil exploration and production. Initially, government participation was mainly limited to the collection of taxes, royalties and other dues from multinational oil corporations, and in the making of statutory laws that regulated operations in the industry. With the decline of

the cash-crop economic base in the mid-1960s and the rise in global oil price in the 1970s, oil exports became the mainstay of the economy, accounting for more than 80 per cent of national revenue and 95 per cent of foreign exchange earnings during the mid-1970s (Soremekun and Obi 1993). Hence, the renewed interest by the central government.

The management of oil revenues and resources in Nigeria has always been driven by different interests, and its control has served as a source of political patronage. The oil boom served to conceal the distortions on which the post-colonial pattern of development was based. The oil boom of the 1970s occurred under successive military regimes. The political economy of oil in Nigeria became characterised by endemic patronage and widespread corruption by the political elites and their cronies. At the federal, state, and local levels, political elites emerged and fostered the interest of select groups in their domain. Since the country was under military rule with a centralised structure, it became fashionable to play the 'politics of the centre' and connect directly to the source of wealth and power. Within this context, the military handed over power to a democratically elected government in 1979. From mid-1981 onwards there was a decline in oil income resulting from the global oil glut which severely contracted economic activity. The reduced income created a shortfall in foreign reserves needed for imports and increased arrears in trade payments. The economic recession had severe impacts on the Nigerian economy. During this period, oil accounted for more than 90 per cent of its export earnings, 83 per cent of government revenue, and had a value equal to 25 per cent of GDP (Konhauser 1984). The Shagari administration (1979-1983) was also characterised by massive corruption, embezzlement of public funds, and the appreciation of capital flight. The NNPC as a state-owned entity served as a major source of pillage.

The analysis of the impact of state on oil in Nigeria stresses three crucial factors. First, the specific use to which Nigeria's oil income was subjected to was dictated by the country's distinctive social and political composition. The central government presided over a federation with strong ethnic and regional rifts, which gave rise to intense rivalry over access to oil. Class and sectoral interests were relatively weak in Nigeria. Second, there was little or no incentive to use oil revenues to revive other sectors of the economy. Here, as shown in the latter part of this paper, the political and institutional similarities between Nigeria and Zambia come to the fore, manifesting themselves in different priorities and capabilities in both countries. Third, these in turn resulted in a vicious cycle of distortions, declining efficiency, falling non-mineral output, fiscal deficits, inflation, and cuts in public spending.

5.3 Copper in Zambia

Zambia is a copper economy. Copper links the country to the global economy, and it has given the country a modern infrastructure and vast resources. One of the world's largest sources of copper ore is found on the border of Zambia and the DRC in a region known as the Copper Belt. The first commercial mine was opened at Roan Antelope (now known as Luanshya) in 1928 and copper has dominated the Zambian economy since then. Under the

British colonial enterprise Zambia (then known as Northern Rhodesia) was perceived by the authorities principally as a source of mineral wealth to support significant industrial, social, educational, and governmental infrastructure in Zimbabwe (then Southern Rhodesia). These mines were owned and managed by two private companies: the Roan Selection Trust and the Anglo-American Corporation (Fraser and Lungu 2007: 7).

At independence in 1964, Zambia's copper mines accounted for 60 per cent of GDP, 53 per cent of government revenues, and 92 per cent of export earnings, and employed 20 per cent of those in the informal sector (Fry 1980: 44). In the following decade, copper generated an average of 35 per cent of GDP, accounted for 95 per cent of the total revenue of exports, and contributed to 45 per cent of total government revenues (Free Area Studies 1979: 189). In 1969, Zambia was classified as a middle-income country with one of the highest GDPs in Africa – three times that of Kenya, twice that of Egypt, and higher than Brazil, Malaysia, Turkey, and South Korea (Ferguson 1999: 6). Zambia was seen as an example of a developing African country, moving rapidly towards political, economic and industrial independence and an end to poverty. Central to these hopes was the huge potential of nationalisation and the opportunity it presented to Third World countries with vast natural resources. Due to the dominance of the sector by foreign multinationals, nationalisation was perceived as offering government the opportunity to capture the very basis of its economy. In 1969, owing to concerns about the lack of new investments, the Zambian government nationalised the mines. Through a referendum the constitution was amended and all rights of ownership of minerals, as well as exclusive prospecting and mining licences, reverted to the state. As a result, the mining companies were compelled to give 51 per cent of shares in all existing mining activities to the state. In 1982, the two nationalised companies were merged to form the Zambia Consolidated Copper Mines (ZCCM) (Fraser and Lungu 2007: 7).

In the decade following, none of the projected benefits had materialised. Despite the country's impressive profile of downstream integration and as the world's leading refiner of copper, a feat which was unusual in a typical developing country, government revenue from mining still declined considerably. (Radetski 1980: 23-24). This is largely linked to the crisis inherent in the ZCCM model which became manifest after the price of copper collapsed in the aftermath of the first oil crisis in 1973/74. This compelled the Zambian government to borrow in order to maintain social provision. The copper boom in 1974 only contributed a meagre 39 per cent of total revenues; this figure declined dismally through 1975 and 1976 to 13,3 per cent, and then to 2,6 per cent, until it finally collapsed in 1977 and 1978 (Mezger 1980: 231). In spite of the new tax structure that accompanied nationalisation, Cobble (1979: 237) maintained that 'it actually made net revenue from copper more variable with the price without substantially reducing dependence.' There was a significant halt in mining, smelting, and refining capacity. The sector became characterised by poor maintenance of equipment, plant and facilities and there were no new investments. Despite efforts to reduce dependence on the mining sector, diversify the economy, and boost exports in other sectors, there was still increased dependence on the sector (World Bank 1981: 156).

The second oil crisis in 1979 compounded the problem, interest rates shot up, and Zambia was thrown into a severe debt crisis. For two decades the Zambian economy collapsed at an unprecedented rate as copper prices continued in free fall, and per capita income declined by 50 per cent, making Zambia one of the poorest countries in the world (Ferguson 1999: 6). The ZCCM was treated as a 'cash cow' and was exploited throughout the economic crisis without any corresponding investment in machineries, equipments, exploration, and drilling. Before being nationalised, the industry was debt-free and entirely self-financing, but after the exercise it began to accumulate staggering foreign debts in support of nationalised mining companies (Radetski and Zorn 1979: 36-37). Thus unanticipated costs nullified any 'perceived benefits' or 'permanent sovereignty'.

The failure of the exercise was driven by a combination of both international and domestic factors. Firstly, the perceived benefits of nationalisation as a tool for redefining the relationship between Zambia and the international economy resulted from a gross misunderstanding of the global copper industry. Secondly, the exposure of non-vertically integrated copper producers in Africa was underestimated.. Thirdly, there was a gross exaggeration of the influence of the copper producers' cartel (Schafer 1985: 27). Domestically, the high expectations of the benefits were dashed by the government, which failed to represent the interests of the nation and did not use the newly nationalised asset to further the goals of development. Within the industry itself, nationalising removed the protection formerly provided by private mining corporations, thereby increasing the exposure of a fragile government and its citizens' welfare to international and domestic pressures, politically and economically. Apart from the fact that Zambia possessed an extremely weak and fragile political and economic system, at the time it nationalised its copper industry it had almost no trained managers or technicians in the industry (Schafer 1985: 27).

The Zambian state, like most states in Africa, was organised in such a way that it did not function to promote the interest or preferences of its citizens. It was not sufficiently secure or autonomous to attempt such an effort. But it was characterised more accurately as the allocator of national resources among the few who had access to political power. These, of course, were the country's political elites, who had an intrinsic interest in maintaining the regime, which necessitated the furtherance of the prevailing distribution of power, which had severe consequences for national growth both in the short and long-run. Nationalisation thus offered slimmer opportunities and higher risks than was initially envisaged. Schafer (1985: 40) argues that nationalisation offered no prospects of enhancing state capacity to promote national welfare goals, economic diversification and rational economic planning, against the interests of those with access to political power. As such, the process was based on a weak state structure, which, in turn, exacerbated the problems and imposed severe consequences on the citizens and government of Zambia.

6. Economic reform and its impact on dominant sectors

6.1 Deregulation of the Nigerian oil industry

The changes that left the oil and gas industry in Nigeria in its present state can be traced to 1988. Remarkably, these changes occurred in the context of IMF/World Bank conditionalities. As a mono-product economy, the oil and gas industry became the target of extensive reforms, which was justified as a necessary measure towards economic recovery. In 1988, the NNPC was divided into 12 strategic business units, covering the entire spectrum of the oil industry: exploration and production, gas development, refining, distribution, petrochemicals, engineering, and commercial investments. In 1989, the fifth participation agreement was reached, which gave the NNPC an equity participation of 60 per cent, Shell 30 per cent, Elf 5 per cent and Agip 5 per cent. This was further restructured in 1993, with 55 per cent going to the NNPC, while Elf had 10 per cent.

During these changes, some Nigerian companies were also granted licences to explore and produce oil, but most of them remained marginal players in the industry due to the huge costs or capital requirements associated with the venture. Hence oil multinationals consolidated their hold on the industry in this process of deregulation by concentrating on the upstream sector and dominating the downstream marketing sector, which had the presence of some Nigerian 'independent marketers' that accounted for 30 per cent of the domestic market.⁴ All efforts to commercialise Nigeria's four state-owned refineries failed during this period, partly for political reasons, and partly due to their dilapidated state. This scenario prevailed under successive military regimes in Nigeria until the advent of the democratic dispensation in 1999.

Since 1999, the oil and gas industry in Nigeria has undergone dramatic changes. These can be viewed as reactions to the globalisation of energy markets world-wide. The process is being broadened and deepened through the liberalisation, deregulation and privatisation of domestic energy markets, particularly in the developing countries of the world. The advent of the new democratic dispensation in 1999 provided a new boost for the deregulation exercise in the Nigerian oil industry. Since that time, all existing price subsidies in petroleum products have been removed, with about nine increases in the price of these products. This was done in a bid to remove all subsidies and close the gap between domestic and global prices of refined products. Added to these, between 1999 and 2003, about US\$250 million was estimated to have been spent on repairs and maintenance of oil depots, pipelines and other oil infrastructure (Obi 2007: 19). The inverse and perverse relationship between Nigeria's profile as Africa's largest oil producer (and the world's seventh largest), and exporter of crude oil, and its current position as net importer of substantial amounts of refined petroleum products has made the case for privatising its state-owned refineries more crucial. Between 2002 and 2003, the federal government divested its shares from the oil marketing companies like National Oil and Chemical Marketing Plc (NOLCHEM, now Conoil), African Petroleum Plc (AP), and Unipetrol (now Oando) resulting in the express privatisation of these companies. During this period substantial efforts were also made

to privatise the NNPC's marketing arm – the Pipelines and Products Marketing Company (PPMC) – and investors were also invited to bid for the establishment of private refineries in the country; 18 bids were approved in 2002 to build private refineries in Nigeria (Alexander's Oil and Gas Connection 2006). A related aspect of the current policy is the consolidation of the equally strategic Nigeria Liquefied Natural Gas (NLNG) Project: with the NNPC holding 49 per cent, Shell 25,6 per cent, Elf 15 per cent, Agip (ENI) 10,4 per cent and the (WEPCO) West African Gas Pipeline Project (Chevron Texaco 38 per cent, NNPC 25 per cent, Shell 17 per cent, GNPC and VRA-17 per cent, SoBeGaz 2 per cent) expected to provide profits to the NNPC and its affiliates (Obi 2007: 20).

Currently, ChevronTexaco and ExxonMobil have been investing billions of dollars in the Nigerian oil industry, the fifth largest exporter of oil to the United States, accounting for 600 000 barrels per day since 2002 (Valle 2004: 52). This is in response to incentives provided by the government to attract more investments into the upstream sector of the oil industry, with the aim of expanding both its proven reserves to 40 billion barrels and oil production capacity to 4 billion barrels per day by 2010 (Energy Information Administration 2007). New oil investors from all parts of the world have made forays into the Nigerian industry as part of government's policy to increase its oil reserves, earn more revenues, and diversify its dependence on Western oil majors. The new companies in the upstream sector include China National Offshore Oil Company (CNOOC), China Petrochemical Corporation (SINOPEC), China National Petroleum Corporation (CNPC), Korean National Oil Corporation (KNOC), Statoil of Norway, and Petrobras of Brazil.

This clearly brings two broad issues in Nigeria to the fore. First, there is an increased opening up of the upstream sector to national oil companies from Asia and South America, and some foreign independent oil firms.⁵ Second, the state has embarked on the promotion of Nigerian participation in the oil industry through the introduction of local content requirements in all joint venture contracts, and the policy guaranteeing that 10 per cent of each Oil Exploration License (OEL) granted to investors must go to Nigerian oil companies.

These policies were inspired by the need to redistribute the benefits of oil investments by reserving a percentage of participation in these and in contracts for Nigerian oil companies. Rather than a complete surrender to the oil majors, the Nigerian authorities have adopted a nationalist perspective that seeks to ensure some meaningful local participation in the operations of the sector. These policies notwithstanding, the Nigerian state has faced formidable challenges in executing them. The NNPC still produces a mere 15 000 barrels of oil from Nigeria's daily output of almost 2,5 million barrels, mainly produced by the oil majors (NNPC 2007). Also, the regulatory arm of the oil industry, the Department of Petroleum Resources (DPR), though autonomous, faces severe limitations related to poor funding, and limited capacity and equipment to effectively monitor the sophisticated operations required.

According to the IMF, in 2005 oil revenues accounted for 99 per cent of all Nigerian export revenues, 88 per cent of government income, and 50 per cent of Nigerian GDP, which amounts to more than US\$50 billion. Based on the oil price of US\$50/ barrel, between 2006

and 2020, Nigeria stands to accrue about US\$750 billion in oil income (IMF 2006). This vividly illustrates the enormous revenues that flow to the country, but the oil majors like Shell, Chevron Texaco, Exxon Mobil, Total and Agip (and the oil-service companies linked to them) still exercise a monopoly over oil technology and still have substantial leverage in terms of management expertise, capital, and political back-up from the US and EU states. The trend in the current phase of globalised oil production involves contracting the tasks of construction, installation, and oil prospecting to oil service companies (Willbros and Halliburton, who also hire contract staff) in which they also have substantial interests (Rowell et al 2005: 103; Menotti 2006). In this context, the oil majors 'administer multiple contracts with oil service providers' (Menotti 2006), the costs of which are largely borne by the Nigerian state without any form of transfer in technology or skills in return. This poses serious challenges to Nigeria in terms of regulating effectively the operations of these global oil giants. Thus, it is the manner of the collection and distribution of oil revenues, and the state ownership of oil that epitomises real power. Since this power resides in the state ownership of oil, the capture of state power becomes the ultimate aphrodisiac for zero-sum politics between competing factions of the ruling elite on the one hand, and between the hegemonic elite and the masses that live below the poverty line on the other hand.

6.2 Privatising the Zambian copper mines

This exercise in Zambia failed to yield the desired result and the inability to fund government expenditure from mining income pushed the country to accept its first conditioned IMF loan to meet its domestic obligations in 1973/74 (Fraser and Lungu 2007: 9). By the 1980s the World Bank and the IMF started to use the leverage that came with Zambia's massive indebtedness to force the country into adopting economic liberalisation policies. By 1983, Zambia introduced its first World Bank-inspired Structural Adjustment Programme, and from then on the International Financial Institutions started to dictate the direction of Zambia's economic policies. In July 1987, the Zambian government rejected the loans and instituted a New Economic Recovery Programme geared towards limiting debt service payments to 10 per cent of net export earnings. This led to a collective decision by Zambia's donor to starve it of funds and assistance in September of the same year (Sassa and Carlsson 2002:6). As some authors have observed, the position of the Zambian government led to an accumulation of massive arrears on its loans, and the government – in a bid to salvage the economic downturn – re-engaged the Bank and the Fund, devalued the currency, allowed a free price regime and removed food subsidies (Young and Loxley 1990; Callaghy and Ravenhill 1990). The acceptance of these donor conditionalities brought back the funds, but the crisis initiated by the process was deep-seated, and led to repeated food riots, industrial unrest, and ultimately, to the fall of the ruling party and the emergence of the Movement for Multiparty Democracy (MMD) in the 1991 elections.

As the mainstay of the Zambian economy, the copper mines were targeted for privatisation, and the donors were eager to showcase Zambia as the first popular such success

in Africa. In 1993, the second Privatization and Industrial Reform Credit (PIRC II) from the World Bank required the Zambian government to provide options for privatising the Zambian Consolidated Copper Mines (ZCCM) and after the assessment in 1994, it recommended that the ZCCM be split into five separate units. Between 1995 and 1999, the Bank and the Fund extended loans that required Zambia to adopt and implement plans within this framework. The first was in 1995: the Bank Economic Recovery and Investment Project (ERIP) and the IMF Enhanced Structural Adjustment Facility (ESAF). The second was in 1996: the Economic and Structural Adjustment Credit (ESAC II); the third in 1999: the Structural Adjustment Fund (SAF); and the fourth also in 1999: the IMF Enhanced SAF (Situmbeko and Zulu 2004: 19). In spite of these recommendations there were many delays for technical and political reasons. Added to these were concerns expressed by the Mine Workers Union of Zambia about the viability of the entire process and the future of its members (Muchimba 1998). The stalemate was broken in 1996 when Zambia qualified for the World Bank's Heavily Indebted Poor Countries' (HIPC) initiative. This process involved debt relief for countries incapable of paying their debts, and an assessment of performance by the International Financial Institutions before the relief could be delivered. But at each stage Zambia came under severe pressure, either to appease domestic interests or to pursue a more controversial privatisation process. In the end, Zambia chose debt relief over domestic politics (Fraser and Lungu 2007: 10).

Crucial to privatisation in Zambia was the issue of regulation and policy reform. The most important policy reforms were encapsulated in the 1995 Investment Act and the 1995 Mines and Minerals Development Acts. While the former led to the establishment of the Zambian Investment Centre (ZIC) to assist foreign investors through the process of buying into the Zambian economy, the latter provided particular incentives for investors in mining. This allowed a tax for copper removed from Zambia, known as 'mineral royalty', to be charged at the rate of 3 per cent of the net back value of the minerals produced (Fraser and Lungu 2007: 11).⁶ The Act also provided relief for custom duties on machinery and equipment imported by foreign firms. The World Bank and IMF were not alone in pressing for these policies; according to the Permanent Secretary of the Ministry of Mines, prospective investors made specific requests that bordered on several concessions on the assets they were willing to purchase for recapitalisation.⁷ Based on recommendations from two international consultants, Rothschild and Clifford Chance, the practical modalities for privatising the entire ZCCM were laid in two stages. The first involved offering all substantial majority interests in all ZCCM assets in a number of separate packages that would leave the Zambian state as an owner of minority interests in companies controlled and managed by incoming investors. This would lead to the formation of a company called ZCCM Investment Holdings (ZCCM-IH). In the second phase, government disposed of all, or a substantial part, of its share-holding. These shares were offered for sale to the Zambian public as well as financial institutions in Zambia and abroad (Fraser and Lungu 2007: 11).

The Zambian copper mines could therefore be said to have undergone three phases. The first was from their establishment to 1969 when the mines were in private hands

under the control of the Roan Selection Trust (RST) and the Anglo-American Corporation (AAC). The second was after 1969, when the mines were first nationalised, and then in 1982 merged to form ZCCM. The third stage was between 1997 and 2000, when the ZCCM was split into seven different units and sold off. Owing to the different tendencies at play in the process, different outcomes have resulted. In 2002, after a long haul in the decline of copper prices globally, the AAC – with other minority investors like the Commonwealth Development Corporation (CDC) and the World Bank's International Financing Corporation (IFC) – completely pulled out of Zambia (Fraser and Lungu 2007: 12). In the process, this gave the mines back to the state and threatened to grind the country's most valuable asset to a halt.

When the price of copper rebounded in the global market in 2004, the situation changed. But as the global copper price continues to fluctuate, investments in Zambia's copper mines are still transient, as investors make short-term decisions to maximise profit, while shares and shareholding in companies change hands rapidly and ownership structure of all companies remain largely fluid.

7. Conclusion

The cases of Nigeria and Zambia clearly capture the centrality of their dominant resource in the quest for national development. In both contexts, these resources have been at the core of different policy formulations, distributive politics, and relations with global power networks. With particular reference to their dominant sectors, both countries are similar in their fundamental exposure and fragility in the context of local-global power relationships. The patterns of privatisation in Nigeria and Zambia were conditioned by the specific contexts that produced different conditions to shape the process.

For Nigeria, oil has been at the heart of the economy. The long history of the oil industry and the economic nationalism of the post-civil war era led to agitation against foreign domination and a push for indigenous participation in the industry. The impact of the collapse of the oil-dependent external sector following two global shocks, the economic crisis of the 1980s, and the globalisation of domestic energy markets, combined effectively to weaken national control of the industry in Nigeria. This led to a move towards privatisation. Only recently, the state-owned NNPC was unbundled by the new administration to pave the way for the creation of five new companies. The outcome of the exercise is still unfolding, but may amount to nothing if major changes are not made.

In the Zambian case, there was a considerable decline in the economy from 1975 onwards. This was partly attributed to the decline of the price of copper in the global market. Privatisation was meant to reduce the burden on the Zambian state and make the mines profitable once more. But the most obvious impact is that it has placed the ownership of the mines entirely in foreign hands. This allows for profits from mining to leave the country, to be placed in banks outside the country, or re-invested in foreign companies without having any positive impact on the Zambian economy.

In view of the present reforms in the Nigerian oil industry and in the Zambian copper mines, the authorities in these countries leave no one in doubt as to final outcome of the entire process. The spate of reforms has deepened, rather than alleviated, the crisis in these sectors. In spite of all the reforms, institutions and foreign investments introduced since the inception of the exercise, the resolution of the crisis in the dominant sector of these economies is still at a distance. The privatisation process is a fall-out of an externally imposed marketisation process occasioned by the advent of globalisation. This is due to the fact that the whole process cannot be isolated from its neoliberal moorings based on the desirability of unregulated global capitalism and self-regulating global markets. This position advocates state withdrawal from the economy and treats the market as 'abstract' or 'anonymous' hidden hands, instead of conceiving the market as a structured relationship of power between interests in a network in which the weak is perpetually incapacitated and finds it difficult to improve its position vis-à-vis the strong. Since the entire process of privatisation and deregulation in most sub-Saharan African countries is inextricably linked to the globalisation process, one of the most important and unique features of this process is the globalisation of national policies and policy-making mechanisms. These policies are largely influenced by international financial institutions, private corporations, economic and financial players, and a US-led Western state structure. This has led to the erosion of state capacity to foster indigenous and domestic growth, with obvious social and economic challenges to state legitimacy and national growth.

Predictably, the economic recovery and growth of these economies does not lie in these reforms. Their very nature shows that these reforms are externally imposed and cannot engender national development at any level. As dominant sectors of both economies, with a host of domestic and global interests tied to them, these reforms tend to reinforce the crisis it sets out to resolve. Development in these economies will not be realised by the amount of income generated by rents, royalties and taxes, but by how these dominant sectors are integrated and harnessed for development purposes. They must serve as 'growth poles' with specific focus on the development of local firms and indigenous labour, local capital and investment, and technology. This will engender intersectoral linkages and lead to overall national growth and development. The benchmarks for policy formulation, initiation and implementation must therefore be based on national interest and economic growth and development, and not driven by an externally imposed project of globalisation and market economics. The core issues concern making a case for urgent institution-building and the re-entry of the state in policy-making as a means of protecting the national interests of African states in a globalising economy. Much will depend on the capacity of local policy-makers to rethink the political space for public policy in these countries. This can be done by articulating a new development agenda and seeking popular forms of democracy that address social inequality, injustice, and people-based development.

Endnotes

- 1 The first-tier NIEs are Hong Kong (China), Taiwan Province of China, the Republic of Korea and Singapore; the second-tier NIEs are Malaysia, Thailand and Indonesia.
- 2 The oil companies then include: Mobil, Gulf Oil (now Chevron), Agip, Satrap (now Elf), Tenneco and Amoseas (Texaco/Chevron).
- 3 The Decree vested in the federal military government the entire ownership and control of all petroleum in, under or upon any lands in Nigeria; under the territorial waters of Nigeria; or all land forming part of the continental shelf of Nigeria.
- 4 Independent marketers are indigenous privately owned Nigerian marketing companies.
- 5 Independent oil companies are privately owned enterprises that restrict their operations to oil exploration and production.
- 6 The 'net back value' refers to the market value of minerals free-on-board at the point of export from Zambia, or, in the case of consumption within Zambia, at the point of delivery. The royalties paid for those in gemstone mining are at the rate of 5 per cent. See Fraser and Lungu 2007: 11.
- 7 Excerpts of interview with Leonard Nkhata. Cited in Fraser and Lungu 2007: 11.

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