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Source: *The Journal of Modern African Studies*, Vol. 26, No. 1 (Mar., 1988), pp. 113-137

Published by: [Cambridge University Press](#)

Stable URL: <http://www.jstor.org/stable/160983>

Accessed: 29/10/2013 15:00

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International Financial Institutions and Economic Policy Reform in Sub-Saharan Africa

by JAMES D. FEARON*

SINCE the 1979 oil shock and in the course of the subsequent world recession, many African governments have dramatically altered the orientation of their economic policies. States previously committed to various brands of 'African socialism' have been ending subsidies, reducing *de facto* taxes on agricultural producers, 'privatising' previously state-run activities, adopting more liberal exchange-rate policies, and implementing numerous other 'market-oriented' reforms.

It is clear that a central rôle has been played in many, if not all, of these changes by international financial institutions (I.F.I.s). At present three of these – the International Monetary Fund (I.M.F.), the Paris Club group of official creditors, and the International Bank for Reconstruction and Development (the World Bank) – effectively define and oversee the basic macro-economic policies of a number of African states.

The policy redirections, or sometimes even complete reversals, and the growing influence of the I.F.I.s, are important new developments. Their interpretation depends, arguably, on how one thinks about African states. For example, although economists generally assume, seriously or for convenience, that African governments are similar in their essentials to governments everywhere, some believe that factors beyond national control (such as world recession and drought) have been the principal causes of the present economic crisis. They tend to regard I.M.F. and donor 'conditionality' as an illegitimate imposition, a misguided attack on the sovereignty of weak states. In their view, the policy changes have largely been 'coerced' by the power of the I.F.I.s to determine the import volumes of import-starved countries.¹

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¹ Representative here are David Wheeler, 'Sources of Stagnation in Sub-Saharan Africa', in *World Development* (Oxford), 12, 1, January 1984, pp. 1-23; G. K. Helleiner, 'The IMF and Africa in the 1980s', in *Canadian Journal of African Studies* (Toronto), 17, 1, 1983, pp. 17-33; and the various writers in the special *IDS Bulletin* (Brighton) on sub-Saharan Africa and the Berg report, 14, 1, January 1984.

Other economists argue that while external factors have played a part, the deeper causes of stagnation lie in domestic policy failures, and that African leaders simply made the wrong choices. Many of the recent changes in economic strategy are attributed to an 'emerging consensus' among African decision-makers and western experts on the nature of the policy mix that will reinvigorate African economies.¹ Conditionality is viewed as a reasonable means for western donors to ensure that their money goes to productive use, and is further justified as a way of strengthening the hand of African reformers against élites with vested interests in the failing policies. It should be noted that both groups of economists share the assumption that African leaders are interested in, and at least minimally capable of, instituting and following strategies to foster economic growth and development – assumed ends of governments everywhere.

Political scientists, on the other hand, have increasingly come to believe that African governments are different in their essentials from governments elsewhere, and that the political character of African states and societies has been an important determinant of their decline. Many have focused on the widespread use of state resources as patronage. Some maintain that in the absence of widely accepted state legitimacy and faced with strong 'centrifugal' pressures, African politicians have had to build support by purely instrumental means; hence they have substituted 'distributionist policies and support-oriented criteria for investment and productivity decision-rules'.²

Others have supplemented this 'rational actor' analysis with arguments about African history and culture. Goran Hyden claims that the 'economy of affection' penetrates and 'deflates' the African state.³ Richard Sandbrook adopts Robert Jackson and Carl Rosberg's notion of 'personal rule', suggesting that it may often have an 'economically destructive tendency'.⁴ Thomas Callaghy believes that African states are 'patrimonial administrative', and that their rulers and governments are by *nature* hostile to legal-rational administrative and economic precepts.⁵ All these views would imply that African leaders submit to economic reforms unwillingly, only to assure their continued access to external funding with which to aggrandise

¹ This is a rough sketch of the 'mainstream' World Bank/I.M.F. view. See, for example, World Bank, *Towards Sustained Development in Sub-Saharan Africa* (Washington, D.C., 1984).

² Robert Price, 'Neo-Colonialism and Ghana's Economic Decline: a critical assessment', in *Canadian Journal of African Studies*, 18, 1, 1984, p. 188.

³ Goran Hyden, *No Shortcuts to Progress: African development management in perspective* (Berkeley, 1983), pp. 8ff.

⁴ Richard Sandbrook, 'The State and Economic Stagnation in Tropical Africa', in *World Development*, 14, 3, 1986, p. 321.

⁵ Thomas Callaghy, *The State-Society Struggle: Zaïre in comparative perspective* (New York, 1984).

themselves and maintain networks of political support. There are strong expectations that reforms will be subverted or rejected when the rulers find this convenient.¹ Callaghy, who has written on the topic at some length, has argued that I.F.I.-induced reforms are bound to founder in the 'patrimonial sea of African political economy'.²

These scholars raise doubts about the applicability of two bodies of political science theory to sub-Saharan states, in particular regarding the question of how 'national interests' are determined in general. First, in contrast to recent writing which emphasises the autonomy of the state from society,³ they suggest that since African states are effectively captured or absorbed by African society they cannot be viewed as distinct actors capable of defending their own long-term interests. Second, they question the applicability of certain 'realist' assumptions. If African presidents govern according to a political logic which fosters economic decline, or even destruction, then the dictum that states seek to maximise power (or security) is not being observed. If African governments do not adopt the economic policies of their more prosperous competitors, then the 'realist' prediction that leaders will imitate successful practices does not hold.⁴

Jackson and Rosberg have, in fact, linked the poor economic performance of some African states to the peculiar circumstances of their international situation. They maintain that African states which are 'empirically' dubious (too small, too chaotic, too heterogenous, too economically fragile) persist because the 'international society of states' guarantees their 'juridical' sovereignty. They emphasise the importance of the normative presumptions of international law, and the existence of international and regional organisations – notably the U.N. and the O.A.U. – which legitimate positions of state authority from without. If many African states are simply weak international protectorates, they need not participate in the Darwinian rivalry of states normally assumed by international relations scholars. Without this competitive stimulus, the argument goes, such states have no incentive to develop.⁵



¹ For example, *ibid.* p. 196.

² Thomas Callaghy, 'Africa's Debt Crisis', in *Journal of International Affairs* (New York), 38, 1, Summer 1984, p. 75.

³ For representative essays, see Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol (eds.), *Bringing the State Back In* (Cambridge, 1985).

⁴ Kenneth Waltz provides a theoretical ground for these expectations in *Theory of International Politics* (New York, 1979).

⁵ Robert H. Jackson and Carl G. Rosberg, 'Sovereignty and Underdevelopment: juridical

This article offers a different interpretation of the policy changes and the new rôle of the I.F.I.s in Africa, and draws implications for theories about African states and governance. Based on an examination of what has happened in Sierra Leone, and a brief discussion of the politics of economic reform elsewhere, I shall argue that even in the 'worst case' countries, those in command of government have an interest in preventing the complete disintegration of the modern economy and state. This interest, in combination with significant I.F.I. financial incentives which support it, has furthered incremental policy reform in highly inhospitable circumstances.

For many African countries, the I.M.F., the World Bank, and the Paris Club *have* been central forces motivating policy change. But it would not be correct to suggest that the heightened influence of the I.F.I.s in Africa constitutes a 'new colonialism', or that African governments have ceded their sovereignty to these international agencies.¹ They work according to a set of basic normative assumptions about sovereignty, the rôle of the state, and the goals of government which, at a deep and general level, are shared by most African leaders (of course, 'modern' assumptions may intermingle with traditional and colonial notions about government).

In the weakest states, African decision-makers have faced a choice between policy reforms and financial support by the I.F.I.s, on the one hand, and accelerated disintegration of the official economy and government apparatus, on the other. The former course may well lead to urban riots and other immediate threats to a leader's political life (at least). But the latter course may just as surely lead to an undermining of their position – e.g. the presidency – the understanding of which is shaped by roughly common international norms that are backed by external assistance incentives. These norms, made concrete by the operation of international agencies for finance and development, bring about a long-run convergence between the interests of African governments and the 'national interest', broadly construed as that which preserves and strengthens the state and the official economy. In the presence of these norms and incentives, it is not in the interests of an African president to allow the complete dissolution of the state.

This argument is illustrated below in an examination of policy

statehood in the African crisis', in *The Journal of Modern African Studies* (Cambridge), 24, 1, March 1986, pp. 1–31, and 'Why Africa's Weak States Persist: the empirical and the juridical in statehood', in *World Politics* (Princeton), 35, 1, October 1982, pp. 1–25.

¹ Robert S. Browne, 'Conditionality: a new form of colonialism?', in *Africa Report* (New Brunswick), 29, 5, September–October 1984, p. 14.

reforms in Sierra Leone, where the 'privatisation' of the state under the influence of kleptocratic forces proceeded to an extreme degree. When the new President, J. S. Momoh, assumed power in October 1986, the choice before him was clear: undertake the basic reforms being pushed by the I.M.F., or let the official economy disappear and government institutions disintegrate entirely. The latter course was not feasible, given that both international actors and the Sierra Leonean élite assume that something resembling a modern state must continue to function. Under a different set of norms about what sort of political organisations should exist in the region, the semblance of the Sierra Leonean state might easily have passed away. For the 'worst case' states of sub-Saharan Africa, one can say that their régimes have been 'coerced' by the I.F.I.s into making economic reforms, but this interpretation remains superficial until the normative context is fully specified.

Sierra Leone is more the exception than the rule. In other weak states, the leaders have had a wider margin of autonomy in policy-making, and their choice of economic reforms has been more obviously connected with state-building goals. The widespread adoption of measures designed to liberalise economies in Africa should not be interpreted *in every case* as the result of either external coercion or temporarily expedient actions by 'patrimonial' rulers who cannot, in the long run, tolerate rationalisation. Reforms have been adopted in a number of countries because their governments have decided that these will make their economies stronger and more competitive – Ghana is the leading example. The experiences of the more successful African states are having an effect, as is the unusually high degree of consensus among experts about the defects of past economic policies, and the steps needed to correct them.

More commonly, reforms have been adopted by leaders attempting to put their authority on a firmer footing. This rationale also applies in Ghana, as it does in Madagascar, Mali, Niger, Benin, Guinea, and Togo. Rulers have used the reforms to undercut political rivals and/or to bring back under the purview of central government bureaucracy those parts of the economy lost to the black market, as well as the subsistence sector. Reforms have been pursued in Somalia in connection with state military goals, and in Tanzania and Zambia they have been adopted not simply because of external pressures, but also because their leaders have come to acknowledge, at least in part, the validity of donor criticisms of past economic policies. And almost everywhere rulers have used the reforms to replace 'old-style' politicians (mainly ethnic

leaders) with the rising generation of 35–45 year-old technocrats, who are becoming increasingly important in African politics.

I do not mean to exaggerate the amount or depth of the liberalising economic reforms that have taken place in Africa in the last few years. Everywhere the process has been slowed by the interpenetration of élite interests in extensive black-market economies; by deteriorated central government bureaucracies, many of which are so weak that the notion of ‘policy’ or ‘policy implementation’ has become questionable; and by deep-seated doubts about the effectiveness of the new strategies. The point is simply that *there is nothing intrinsic in African states, or in their international situation, that precludes behaviour in rough accord with the ‘realist’ assumptions.* In fact, what is most interesting about such changes in economic policy is the light they shed on how the present international system influences the definition of state ‘interests’. In sub-Saharan Africa, realist behaviour has not sprung, fully formed, from the structural imperatives of the system; it has been helped along by international institutions charged with developing states in the western image, which presumes their sovereignty and competitive behaviour.

THE ECONOMIC AND INSTITUTIONAL BACKGROUND

Most sub-Saharan countries followed economic policies in the 1970s which made them more vulnerable to the severe exogenous shocks of the 1979–83 period, when many found themselves rather suddenly unable to finance the imports required to keep the modern economy and the state apparatus functioning at earlier levels. Contraction was inevitable, and this occurred in various degrees across the continent. However, governments could slow, postpone, or, in principle, avoid some of the decline by (1) recourse to balance-of-payments financing provided by the I.M.F., the World Bank, and some bilateral donors, and (2) by debt-rescheduling managed under the auspices of the Paris and London Clubs of creditors. Through several mechanisms, these international actors have required reforms in exchange for financing and debt-rescheduling.

Since 1981, the policy agenda pushed by the I.F.I.s and donors has been accepted more or less in full by nine countries. In Guinea, Ghana, Mali, and Somalia, dramatic changes have been pursued against ideological and historical backgrounds of socialist economic policy, and in Equatorial Guinea, the Gambia, Mauritania, Togo, and Zaïre, the conditions imposed by the I.M.F. have been met, and the imple-

mentation has begun of World Bank plans for restructuring their public sectors.¹

Similar changes have been partially accepted and implemented in at least ten countries – Benin, Burundi, Burkina Faso, Madagascar, Mozambique, Niger, Sierra Leone, Tanzania (to a relatively small degree), Uganda, and Zambia.² In four others – Côte d'Ivoire, Kenya, Malawi, and Senegal – the long-standing orientation of their economic policies has been more or less in keeping with the present strategy; none the less, their governments have also agreed to undertake liberalising reforms. In Ethiopia and the Sudan, the reforms required by the I.F.I.s have either been rejected or forestalled.

The economic story behind the adoption of part or all of the new agenda is fairly consistent across countries. It has two components: the exogenous shocks of 1979–83, and the effects of the domestic policies followed by many sub-Saharan states in the 1970s, and for some, since independence.

The most important of the external setbacks was the collapse of export markets for primary commodities (due to developed-country recession, triggered in turn by the oil crisis and tight U.S. monetary policies). The worst drought in memory, the rise in fuel prices, and the indirect impact of the world recession, such as high interest rates and the decline in bilateral aid, also hurt. The combined effect was a big reduction of export revenues in the face of higher prices for essential imports. At the same time, debt-service payments on loans contracted in the 1970s were coming due for many countries. Exchange reserves dropped to minimal levels, balance-of-payments deficits soared, and arrears on debt service began to build up. Despite increased borrowing

¹ For remarks on policy change in Ghana, see *Africa Confidential* (London), 6 June 1984, p. 3; on the Gambia, *African Economic Digest* (London), 3 October 1984; on Guinea, Colin Legum (ed.), *Africa Contemporary Record, 1985–86* (London, 1987), p. B47ff (hereafter *A.C.R.*, 1985–86); on Equatorial Guinea, *ibid.* pp. B226–7; on Mali, J. B. Zulu and S. M. Nsouli, 'Adjustment Programs in Africa: the recent experience', I.M.F. Occasional Paper No. 34, Washington, D.C., 1985, pp. 22–5, and *Africa Confidential*, 30 January 1985, p. 7; on Mauritania, *A.C.R.*, 1985–86, pp. B107ff; on Somalia, Colin Legum (ed.), *Africa Contemporary Record, 1984–85* (London, 1986), p. B359 (hereafter *A.C.R.*, 1984–85); on Togo, 'Policy Shifts, Foreign Financial Support Improve Togolese External Debt Prospects', in *IMF Survey* (Washington, D.C.), 28 July 1986, pp. 226–9, and *A.C.R.*, 1984–85, p. B601; on Zaïre, *Africa Confidential*, 27 February 1985.

² On Benin, see *African Economic Digest*, 30 August 1986; on Burundi, *ibid.* 16 August 1986; on Burkina Faso, *A.C.R.*, 1984–85, pp. 442ff; on Madagascar, *ibid.* pp. B286–301; on Mozambique, Roger Thurow, 'Impoverished Mozambique Rolls Out the Red Carpet for Both East and West', in *The Wall Street Journal* (New York), 20 April 1987; on Niger, *A.C.R.*, 1984–85, pp. B537–44; on Sierra Leone, see below; on Tanzania, Paula Park, 'Wily Tanzania Softens the IMF', in *New African* (London), 228, September 1986, p. 40; on Uganda, 'Aid from the IMF', in *The Economist* (London), 303, 7499, 23 May 1987, p. 70; and on Zambia, *A.C.R.*, 1984–85, pp. B851ff.

from multilateral sources, the import volumes of the 1970s could not be sustained. Import values fell seven per cent on average for sub-Saharan Africa in 1981 alone; in Zambia they dropped by 20 per cent, in Ghana by 29 per cent, in Sierra Leone by 36 per cent, and in Madagascar by 40 per cent.¹ For countries whose modern sectors are heavily dependent on external supplies, the results of such 'import strangulation' were catastrophic. In sub-Saharan Africa total G.D.P. declined absolutely in 1982 and 1983, with a *per capita* drop that was particularly serious for the least-developed countries, while real incomes, especially of the urban poor, fell sharply everywhere.²

The impact of the external shocks was greatly intensified, and recovery much hindered, by the effects of the economic policies being followed by many African states in the years leading up to the crisis. Over-valued exchange rates, marketing boards and systems that discouraged small-farmer production, and extremely inefficient, inward-looking parastatal sectors, made countries simultaneously more dependent on imports and less able to generate the export revenues needed to finance them. Sporadic commodity booms in the 1970s tended to encourage great increases in government spending, often wasted on large public investments that drained rather than generated revenues.³ Spending surges were also inflationary, leading to further over-valuation of currencies. The commodity booms, together with the excess liquidity of western currency markets glutted with petro-dollars, enabled increased foreign borrowing. In a number of countries debt obligations increased faster than could be kept track of by central government bureaucracies. A 'ratchet effect' resulted, with African régimes displaying 'a universal inability (or unwillingness) to cut back consumption levels reached in periods of high commodity prices'.⁴ Going into the recession of the 1980s, many African leaders were maintaining precarious consumption levels by running large budget and trade deficits.

The standard economic terminology really belies the condition of the continent in 1981. The 1970s saw a secular increase in black-market activity, and in a number of countries – Ghana, Sierra Leone, and Uganda, for example – the 'underground' economy came to dwarf the

¹ Helleiner, loc. cit. p. 20.

² For figures and analysis, see World Bank, *Financing Adjustment with Growth in Sub-Saharan Africa, 1986–1990* (Washington, D.C., 1986).

³ On this, see particularly, *Towards Sustained Development in Sub-Saharan Africa*, p. 24.

⁴ E. V. K. Jaycox et al., 'The Nature of the Debt Problem in Eastern and Southern Africa', in C. Lancaster and J. Williamson (eds.), *African Debt and Financing* (Washington, D.C., 1986), p. 57.

official economy.¹ In many others – Benin, Cameroun, Guinea, Kenya, Mali, Niger, Nigeria, Sierra Leone, the Sudan, Zaïre, and Zambia among them – elaborate networks of formally illegal transactions and trade interpenetrated the higher levels of government.² Politicians and administrators made enormous profits running the extensive smuggling operations which they decried in public. The growth of ‘parallel economies’ in Africa resulted in part from increasingly widespread and severe distortions of domestic price systems, and a general increase in the use of controls on economic activity (often intended to stop the smuggling or diversions of production motivated by the former).

A related development, not often noted in the standard accounts, concerns the disengagement of rural from urban-based economies in many African countries. By the early 1980s, peasants in the Central African Republic, Ghana, Guinea, Liberia, Mali, Nigeria, Sierra Leone, Tanzania, Zaïre, and Zambia, and elsewhere, had greatly withdrawn from production for official market channels. Faced by institutional and policy disincentives, deteriorating infrastructures, and lack of attention to agriculture in official development plans, many peasants now grew crops for their own subsistence and nearby black markets. In Sierra Leone, Zaïre, and Zambia, at least, the ambit of effective state influence shrank back to mineral and gem production. In Sierra Leone, as will be explored more fully below, the ‘state’ came to be little more than a group of powerful individuals fighting and colluding with each other for larger shares of the diamond trade. Capacity to generate and collect revenues weakened as state influence over the economy receded, and as corruption and black-market activity flourished. At the same time, the size of the public sector tended to increase, and with it, government expenditures.

In sum, the economic foundations of a number of African states were rapidly deteriorating when hit by the exogenous shocks of the early 1980s. Those economies that were ‘empirically’ weak at independence had become even less viable, while some were pushed towards collapse.³ All sub-Saharan governments, strong and weak, were made suddenly much hungrier for foreign exchange. Commercial loans,

¹ Richard Sandbrook, *The Politics of Africa's Economic Stagnation* (Cambridge, 1985). Also, Nelson Kasfir, ‘State, Magendo, and Class Formation in Uganda’, in *Journal of Commonwealth and Comparative Politics* (London), 21, 3, November 1983, pp. 84–103.

² See, for examples, on Niger, *Africa Confidential*, 17 July 1985, p. 8; on Cameroun, *ibid.* 15 August 1984; on Guinea, *ibid.* 4 September 1985, p. 4; on Tanzania, *A.C.R., 1984–85*, p. B381; on Zaïre, Callaghy, *The State-Society Struggle*; on Zambia, *A.C.R., 1984–85*, p. B851.

³ This is not hyperbole; see, for one example, the description of Zambia on the verge of economic ‘standstill’, in ‘Out of Steam’, in *Africa Confidential*, 16 October 1985, p. 1.

which in any event had been available to only a few African states in the 1970s, were now completely out of question. Though in some cases petitioned, the Soviets were not interested or not able to supply the amounts needed.¹ African leaders had to turn to official western channels – the I.M.F. and the World Bank for balance-of-payments finance, the Paris Club for debt-rescheduling, and multi- and bilateral donors for project lending.

Each of these sources has required policy reforms as a condition for support. For the I.M.F. this is nothing new, 'conditionality' being a well-established practice, administered in fairly standardised programmes. For the World Bank this proviso represents a sharp departure. Since 1980, when the first structural adjustment loan was unveiled in Kenya, the Bank has shifted its emphasis from lending for discrete projects (infrastructure, agricultural extension, etcetera) to lending for policy and institutional reforms. The Bank will now provide balance-of-payments finance (previously the I.M.F.'s domain) in return for inputs into policy changes and the reshaping of administrative systems. Increasingly, other multi- and bilateral donors are following the Bank's lead.²

By linking debt-rescheduling to the comprehensive reforms advocated by the I.M.F. and the main donor agencies, the Paris Club of official creditors has enormously increased the incentives for these programmes to be implemented by African governments. As noted, they borrowed heavily abroad in the 1970s, without, in most cases, substantially increasing productive capacities.³ Scheduled 1984 debt service as a percentage of exports for the poorer sub-Saharan countries averaged 35 per cent, and ranged as high as 81 per cent for Madagascar and 146 per cent for Somalia.⁴ Starved for hard currency due to collapsed export revenues and deteriorating productive capacity, African governments have clearly had strong incentives to reduce their escalating (hard currency) debt-service payments. Thus far, conflictual default has not been considered a serious option; because most African

¹ Ghanaian leaders approached the Soviet Union in 1982 and were advised to 'seek as good a deal as possible with the IMF without betraying the revolution'. J. Haynes, Trevor Parfitt, and Stephen Riley, 'The Local Politics of International Debt: sub-Saharan Africa', Annual Conference of Political Studies Association, University of Manchester, April 1985, p. 21. President Didier Ratsiraka of Madagascar also sought Soviet assistance in the early 1980s, but obtained only limited debt relief; *A.C.R.*, 1984-85, p. B286.

² Elliot Berg, 'The Role of the IMF and the World Bank in Sub-Saharan Africa', Western Economics Association Meeting, San Francisco, 3 July 1986, p. 18 of draft.

³ *Towards Sustained Development in Sub-Saharan Africa*, p. 24.

⁴ Due to arrears, write-downs, and reschedulings, an average of 22 per cent of exports was actually paid in 1984; *Financing Adjustment with Growth in Sub-Saharan Africa, 1986-90*, p. 55.

debt is owed to official creditors (governments and multilateral agencies), who are very well-organised, the threat of being cut off from future aid and finance is highly credible.¹

Around 1978 the Paris Club made an I.M.F. stabilisation programme a prerequisite for countries desiring to reschedule their debt-service payments.² In Africa, the creditors have further come to expect that an applicant government will be following a public-investment plan drawn up for review in a revitalised forum of I.F.I. and donor co-operation – the Consultative Group (C.G.). Often chaired by the World Bank, such an ‘aid co-ordination’ committee comprises representatives from multi- and bilateral donors with development projects in a particular country, and its government. Begun in the late 1950s, the few C.G.s in Africa had fallen largely into disuse by the end of the 1960s, and in any case never undertook the scope of activities initiated in 1979. Since then, ‘aid co-ordination’ has meant reviewing proposals drawn up by governments – plans, for example, to restructure public sectors by selling off or liquidating money-losing parastatals, and to rehabilitate export-related infrastructures – and apportioning among donors the financial burden of implementing what has been agreed. C.G.s have helped inspire at least 12 sub-Saharan countries to produce comprehensive, multi-year plans intended to rationalise public-sector investment spending.³

Where governments have committed themselves to such reforms, the degree of multi- and bilateral donor involvement in the actual design and drafting of development plans is often remarkable. *Comprehensive* agricultural and industrial programmes are essentially drawn up by World Bank and other expatriate experts, the extent of input from African officials varying with the level of their expertise. The governments point out any ‘politically non-feasible’ policy changes, and these are either withdrawn, modified, or retained if Bank officials believe that they can win the ensuing fight.⁴

¹ On the importance of creditor organisations as a disincentive to default, see Vinod K. Aggarwal, ‘International Debt Threat: bargaining among creditors and debtors in the 1980s’, Institute for International Studies, University of California, Berkeley, Policy Paper No. 29, 1987. Between 1980 and 1985, officials from 18 sub-Saharan régimes made 41 trips to the Paris Club, and they succeeded in deferring a total of \$7,100 million in payments. Lancaster and Williamson (eds.), op. cit. pp. 42–3.

² Alexis Rieffel, ‘The Role of the Paris Club in Managing Debt Problems’, in *Princeton University Essays in International Finance*, 161, December 1985, p. 3.

³ The information on C.G.s derives from conversations with Bank officials, July–August 1986.

⁴ Helleiner notes in loc. cit. p. 30, the ‘comic opera character’ of some intra-government debates in Africa, ‘wherein virtually all of the local memoranda are in fact drafted by foreign advisors’. See also Paul Mosley, ‘The Politics of Economic Liberalization: USAID and the World Bank in Kenya, 1980–84’, in *African Affairs* (London), 85, 338, January 1986, pp. 109–19.

The sharp turn of the World Bank and some of the other donors to policy and institutional reforms reflects three developments. First, to some extent their focus on high-level strategy and administration is an inevitable reaction to changed economic conditions in Africa. It has become patently obvious, for example, that passive exchange-rate policies are economically dangerous in a world of floating currencies and divergent rates of inflation.¹ Second, the greater penetration by the I.F.I.s and donors into African governments reflects the increased scale and complexity of international aid. While conditions in many African states have deteriorated, the bureaucracies of western donors have flourished, handling more money, more projects, and more technical assistance each year.

The last and probably the most important reason for this external promotion of policy and institutional reforms concerns the evolution of donor thinking about the Third World. A broad consensus formed around the diagnosis of the World Bank's 1981 *Accelerated Development in Sub-Saharan Africa*, often known as the Berg report after its principal author.² Breaking with conventional wisdom at the time, which held that Africa's economic troubles were largely attributable to the world economy, this publication argued that domestic policy deficiencies were the main causes of stagnation in the 1970s – most of all, over-valued exchange rates, low prices and poor marketing systems for farmers, and over-extended, inefficient public sectors. By establishing an initial agenda for policy reforms that garnered widespread assent, the Berg report set the course for subsequent I.F.I. and donor co-ordination and action in response to the 'African crisis'. It provided a rationale for focusing on policy change, donor (as opposed to I.M.F.) conditionality, and attention to the reform of management systems.³ Although initially criticised by many individuals and organisations, the basics of the Berg report have been gradually accepted. Key elements of its analysis have recently appeared in position papers of the O.A.U. and the U.N. Economic Commission for Africa, and are increasingly heard in the rhetoric of African leaders.⁴

¹ Ravi Gulhati, Swadesh Bose, and Vimal Atukorola, 'Exchange Rate Policies in Eastern and Southern Africa', World Bank Staff Working Paper No. 720, Washington, D.C., 1985.

² World Bank, *Accelerated Development in Sub-Saharan Africa: an agenda for action* (Washington, D.C., 1981). To say that a 'consensus' formed around the analysis does not imply that the Berg report has escaped criticism; see, for example, the papers in John Ravenhill (ed.), *Africa in Economic Crisis* (New York, 1986).

³ Interestingly, Berg thinks the new emphasis by the Bank and by donors on conditionality is overdone and somewhat misguided; he would prefer to see stronger efforts at intellectual suasion of African policy-makers. Elliot Berg and A. Batchelder, 'Structural Adjustment Lending: a critical view', World Bank Country Policy Department, Washington, D.C., January 1985.

⁴ Lancaster and Williamson (eds.), op. cit. p. 124.

Two factors, then, set the stage for the widespread adoption of liberalising policy reforms in Africa. First, external shocks made states that were already on the brink of contraction suddenly much hungrier for foreign exchange. Second, the I.F.I.s and donors, convinced of what had to be done to reinvigorate African economies, linked their resources and conditions together to put greater pressure on governments to undertake comprehensive reforms. The I.M.F. stabilisation programmes have acted as linchpins for the interlocking institutional mechanisms of the donors. They are a precondition for official and commercial debt-rescheduling,¹ in some cases for the World Bank's new balance-of-payments support loans (S.A.L.s, S.A.C.s), and, increasingly, for project commitments by other multi- and bilateral donors.

The I.M.F. stabilisation programmes usually comprise the most economically essential and politically difficult reforms – devaluation, limits on the expansion of government spending and domestic credit, subsidy removals, and liberalised foreign-exchange allocation procedures. These are largely ‘demand-restraining’ measures, designed to reduce incentives for importing relative to exporting (by devaluation) while addressing correctible causes of over-valuation (inflation, fiscal imbalance).² The political implications are always serious, since devaluation and subsidy removals immediately raise prices in cities, angering both the urban poor, who pay more for food, and the urban élites, who typically had access to rationed imports at the pre-devaluation prices. Moreover, capping domestic credit expansion and curbing budget deficits restricts the flow of patronage available to politicians and administrators.

Whereas only three per cent of disbursed I.M.F. credits went to African countries between 1974 and 1978, they received more than 30 per cent – over \$10,000 million – from 1980 to 1984.³ All but six sub-Saharan governments have now undertaken I.M.F. stabilisation programmes.⁴ The creators of the Fund did not envisage that governments would need to run stand-by programmes (the standard facility) back-to-back, year after year, but this is what many in Africa have had to do.

¹ The rescheduling of private L.D.C. debts is overseen by the London Club of commercial banks – for example, a total of \$5,900 million for 11 sub-Saharan countries from 1980 to 1985. Lancaster and Williamson (eds.), op. cit. pp. 42–3.

² But see Berg, ‘The Role of the IMF and the World Bank in Sub-Saharan Africa’, p. 9, on problems with the notion of ‘demand-restraining’ measures. For criticisms and discussion of Fund stabilisation programmes, see John Williamson (ed.), *IMF Conditionality* (Washington, D.C., 1983), and G. K. Helleiner, *The IMF and Africa* (Washington, D.C., 1987).

³ Robert West, ‘Sources of External Imbalances in Sub-Saharan Africa’, Third Joint American-Soviet Conference on Contemporary Sub-Saharan Africa, Institute for International Studies, Berkeley, 27–30 May 1986, p. 24.

⁴ From *IMF Surveys*.

To simplify a complex set of procedures: the more hard currency a country draws from the Fund, the stronger the policy conditionality attached to that *tranche*. The close monitoring of performance by I.M.F. staff normally begins after a country has drawn about 100 per cent of its quota allocation (an amount determined by a formula using several indicators of economic size).¹ The actual application of conditionality has only become widespread in the last decade, especially after the onset of the world recession in 1980. Whereas only five countries in sub-Saharan Africa had drawn over 100 per cent of their quotas in 1978, as many as 15 had done this in 1983, of which 4 had used over 300 per cent.²

Details about the I.M.F.'s recent activities in Africa are scarce, but from magazine and newsletter reports it would appear that in a number of countries the Fund did not 'get tough' about the implementation and enforcement of stabilisation programmes before 1983. Until then, the Governments of Togo, Zaïre, Sierra Leone, the Sudan, and Zambia (to an extent) were able to draw hard currency from successive stand-by's and other facilities without implementing or consistently enforcing politically unpleasant measures.³ Limits on government spending were regularly exceeded, devaluations only partially executed or allowed to erode, public employment not reduced, subsidy cuts avoided. As Henry Bienen and M. Gersovitz have observed for L.D.C.s everywhere, 'IMF programs are seldom implemented [as] fully as negotiated and the penalties for partial compliance are not great'.⁴ However, lack of observance of I.M.F. conditionality appears to have been particularly egregious in some African countries. For example, attempts have been made to implement I.M.F. programmes in Zaïre and the Sudan for at least part of each year from 1976 to 1985 – these two countries probably hold the record for the number that have failed and been cancelled.⁵ No headway was made in reducing endemic fiscal and payments imbalances in Zaïre until 1983, and in the Sudan, the present leaders have inherited the fiscal nightmare left by Gaafar Nimeiry in 1985, and have not yet agreed to a new programme. The poor record of externally-promoted policies in

¹ Benjamin Cohen, 'Balance-of-Payments Financing: evolution of a regime', in Stephen Krasner (ed.), *International Regimes* (Ithaca, 1982), pp. 315–36.

² I.M.F., *International Financial Statistics* (Washington, D.C., 1985), p. 37.

³ On Togo, see *Africa Confidential*, 19 January 1983, p. 6; on Zaïre, see Callaghy, 'Africa's Debt Crisis'.

⁴ Henry Bienen and M. Gersovitz, 'Economic Stabilization, Conditionality, and Political Stability, in *International Organization* (Cambridge, Mass.), 39, 4, Autumn 1985, p. 732.

⁵ *Ibid.* p. 731.

the continent up to 1983 encouraged social scientists espousing 'personalistic' theories of African politics to argue that African governments were incapable of rationalising reform.¹

In 1983, it appears that the Fund began to require countries with poor records on the implementation of policy conditions to implement difficult reforms *before* it would agree to negotiate a full programme and a hard-currency drawing. The Fund began to require, in other words, a demonstration of 'political will'. In Zaïre, a 'shadow' I.M.F. programme took effect in September 1983, when a massive, 400 per cent devaluation of the currency was followed by the wholesale removal of fictitious and unqualified employees from pay-rolls in the public sector; the actual funded stabilisation programme did not begin until 1984.² Generally, the I.M.F. appears to have become much warier of operating in countries without tested reputations – several in recent years have undertaken devaluations without external oversight or involvement in the *hope* of attracting assistance from the Fund.

Finally, it should be noted that the heightened rôle of the I.M.F. has meant more for some African governments than changes in macro-economic policy, pure and simple. The Fund has used its power to ration balance-of-payments credits to influence appointments in key ministries, and missions have occasionally refused to negotiate unless a more 'suitable' finance or economics minister was installed,³ typically, a younger man with a western Ph.D. in economics. In this manner, external pressures for reforms have helped create factions of African 'technocrats' who derive their political strength and legitimacy not only from presidential grace, but also from their alliance with the I.M.F. and other international agencies. The technocrats are often opposed by career politicians – ethnic leaders, ideologues, sometimes generals – and for virtually any given month since 1979, *Africa Confidential* has reported a cabinet reshuffle in at least one state, wherein the former have either gained or lost ground in relation to the latter.

Sometimes the president of an African state has acted under direct pressure from the I.F.I.s, as in Ghana, Mali, and Zaïre.⁴ Even in these cases, however, it is often difficult to say whether external 'incentives' or internal politics are more important factors when technocrats are promoted over the 'old guard'. Some African leaders appear to have

¹ Callaghy, 'Africa's Debt Crisis'.

² The relatively impressive results of this I.M.F. programme are briefly reported in 'Zaïre: emerging pragmatism', in *Africa Confidential*, 27 February 1985, p. 8.

³ On Ghana, see *ibid.* 12 December 1984, p. 3; on Mali, *ibid.* 30 January 1985, p. 7.

⁴ On Zaïre, *ibid.* 22 February 1985, p. 8.

used the political reorganisation occasioned by policy reforms to undercut rivals, to reduce the claims and influence of ethnic rivals, and to gain back more immediate control over the workings of the official economy. Technocrats are useful here; they rarely have large constituencies of their own to satisfy, so they are more beholden to the executive. In some countries, young technocrats may also be broadly representative of a growing interest group which presidents find it advisable to appease – namely, ambitious, western-educated Africans interested in government service. Such appears to have been a motive behind recent cabinet reshuffles in Benin, Cameroun, Côte d'Ivoire, Madagascar, and Mali.¹

INTERPRETING THE POLICY CHANGES: POLITICAL FACTORS

We are now in a position to take up the 'coercion' interpretation of the policy changes – the argument that the liberalising economic reforms currently being implemented in Africa have resulted essentially from the ability of free-market-inclined I.F.I.s to determine the import volume of import-starved countries. For some of the weakest African governments, this view is essentially correct. But to say that the changes have been 'coerced' externally is to imply that they had feasible alternative courses of action and were prevented from following them by the I.F.I.s.

It seems clear that for some governments, *not* changing policies would have meant the further deterioration of economy and state, tending towards complete dissolution. For example, it seems likely that in the presence of a different set of international norms and institutions supporting them, the key politicians and businessmen of Sierra Leone would have slipped easily into regulating their dealings with mineral and gem traders through private agreements, unencumbered by the construct of the 'state'. Indeed, they were very close to such an outcome in reality. In other words, without prevailing international arrangements something resembling the relationship between West African chiefs and European traders in the 1860s might have been fully acceptable.²

But given international norms as they are, everyone, including the

¹ On Benin, see *ibid.* 15 August 1984, p. 4; on Cameroun, *ibid.* 1 August 1984, p. 4, and 10 September 1985, p. 4; on Côte d'Ivoire, *ibid.* 11 December 1985, p. 8; on Madagascar, *ibid.* 4 January 1984, pp. 4–6; and on Mali, *ibid.* 30 January 1985, p. 7.

² For a discussion of these relationships, see Anthony Hopkins, *An Economic History of West Africa* (New York, 1973).

indigenous élite, expects that there will be a 'state' in Sierra Leone. The I.F.I.s and bilateral donors offer substantial financial incentives to the Government, provided that it at least makes some effort to follow the economic policies that they think are needed. There are, additionally, influential nationals genuinely interested in seeing that Sierra Leone becomes the empirically valid state pictured in international norms. In other words, policy changes were dictated by the logic of the situation in which the leaders of Sierra Leone found themselves. International norms, supported by the incentives and strictures of the I.M.F., the World Bank, and the Paris Club, set up a degree of convergence between the interests of the Government and the interests of the 'nation'.

With diamonds, gold, iron ore, bauxite, good land, and some of the richest fishing waters in the world, Sierra Leone has the potential to have one of the highest levels of income *per capita* in West Africa.¹ But under Siaka Stevens, President from 1971 until his resignation in 1985, both the economy and the machinery of government steadily deteriorated. Despite the greatly increased exploitation of gem and mineral resources, the income of most peasants has fallen since independence in 1961, while rocketing upwards for a small élite. Food production *per capita* has dropped 20 per cent since 1970, reflecting the disengagement of the rural economy and the use of ever-growing rice imports to feed urban populations. The average life expectancy, at 38 years, remains among the lowest in Africa and in the world.² As regards the Government, scandals involving the misappropriation of millions of *leones* have come to light regularly. The lesser officials involved are usually given minor punishments, and the phenomenal corruption continues. According to observers writing in 1984, 'the machinery of government is out of control. It neither functions nor provides the policy planning needed to pull the country out of chaos.'³

Political and economic disintegration in Sierra Leone has many causes. As above, I would like to emphasise the critical rôle of price distortions and economic controls, particularly those concerning key goods, such as foreign exchange, agricultural production, petrol, and imported rice. By not responding to changed external economic conditions, and by adopting domestic controls to pursue policies that require more administrative capacity than exists, the Government creates incentives for producers to subvert or bypass legal regulations

¹ 'Rape', in *Africa Confidential*, 28 November 1984, p. 3.

² Figures from *Towards Sustained Development in Sub-Saharan Africa*, pp. 57ff.

³ 'Rape', loc. cit.

and normal procedures. Simultaneously, politicians and administrators are enabled to profit from their ability to ration goods in the official system, from their better opportunities to organise illicit operations, and from the eagerness of producers to avoid official channels.

Of course, the question is why African (and other weak L.D.C.) governments let this cycle occur. Some social scientists tend to emphasise the self-perpetuating nature of such economic controls,¹ and/or the lack of experience or mistaken ideas about how economies work,² while others, as noted above, have seen the process as resulting from political circumstances peculiar to weak states in general, and African states in particular. For present purposes, we need only note that the cycle of price controls/rationing/corruption and smuggling/governmental decay reached its limits in Sierra Leone in the early 1980s.³

The corrosive effects of this process are dramatically illustrated by the steady growth of diamond and gold smuggling in the late 1970s and early 1980s, largely due to a long over-valued exchange rate (a price control) and proliferating restrictions on the use of foreign currency. The former Finance Minister of Sierra Leone, Salia Jusu-Sheriff, estimated that 60 per cent of all diamond and gold production was smuggled out of the country in 1983 – around \$100 million, or about half of the legal exports that year⁴ – and it is an open secret that this was organised and controlled by a number of influential African politicians in collaboration with several wealthy Afro-Lebanese and Lebanese businessmen.⁵ The most powerful of the latter, Jamil Said Mohammed, acquired what might be called a ‘controlling interest’ in the state since independence, being the joint owner of the National Trading Company, a former government monopoly which apparently retained exclusive import rights for 87 commodities, and the owner or largest shareholder of major firms in every strategic sector of the economy. Jamil became the managing director of the Sierra Fishing Company, which exported shrimps to Europe and the United States, while keeping domestic fish prices artificially high; of the International

¹ See Jagdish Bhagwati and Anne Krueger, ‘Exchange Control, Liberalization, and Economic Development’, in *American Economic Review*, 63, 2, May 1973, p. 424.

² For example, see Berg and Batchelder, *op. cit.*

³ A superb illustration of how this cycle works is provided by Richard Jeffries, ‘Rawlings and the Political Economy of Underdevelopment’, in *African Affairs*, 81, 324, July 1982, p. 307.

⁴ Haynes, Parfitt, and Riley, *op. cit.* p. 30.

⁵ Much of the information that follows was reported in ‘Rape’, in *Africa Confidential*, 28 November 1984, pp. 1–5.

Bank for Trade and Industry, which dispensed low-interest loans to selected locals; and of the Precious Minerals Marketing Company (P.M.M.C.), a diamond and gold-trading firm discussed at length below. According to *Africa Confidential* in 1984:

[Jamil] also has interests, almost certainly controlling ones, in *International Construction Company*, the local salt factory, *Sierra Explosives* (a munitions company...), a palm oil plant, a small airline, the *New Citizen* newspaper, *Pademba Laundry*, and an oil trading company which has acted as agent for imports of Nigerian crude (Oil sources in Freetown say that the agent receives 8% of the value of a shipment...).¹

One would expect the owner/manager of much of Sierra Leone's modern economy to have a good deal of political clout. In fact, for periods between 1983 and 1986, it became difficult to distinguish the 'Government' from a private operation run principally by Jamil and Stevens. In October 1983, the President announced that all foreign exchange would be allocated by a committee composed of representatives from the Central Bank and the private sector, including Jamil. In August 1984, B.P. Minerals (U.K.) sold its 49 per cent stake in the state-controlled National Diamond Mining Company (Diminico) – then the sole legal means of extraction² – to the newly-formed P.M.M.C., a private enterprise run and largely owned by Jamil. So by buying out the shares of B.P. Minerals and acceding to the management of Dominico, the P.M.M.C. acquired a partial monopoly on both the production and sale of all the country's diamonds.

When the P.M.M.C. was established the President announced the reconstitution of the foreign-exchange committee, making himself the chairman. At the same time, the P.M.M.C. was given the right to sell foreign exchange closer to the black-market price than the official rate, apparently under the supervision of the committee. In effect, then, a (technically) private company was mining and selling Sierra Leone's diamonds, and allocating the foreign-exchange proceeds, subject to presidential approval. As one commentator noted, 'It is a unique situation: the most important function of a developing country's central bank is now being undertaken in the largest part by a private company.'³ This arrangement displeased the I.M.F., which felt that it could not negotiate with 'what amounts to a private interest group' as

¹ Ibid. p. 2.

² On the pull-out by B.P. Minerals (U.K.), see *ibid.* and *A.C.R.*, 1984-85, pp. B596-7.

³ *Africa Confidential*, 28 November 1984, p. 1.

though it were a state.¹ I.M.F. officials had good reason to be suspicious of Jamil; his opposition may have led Stevens in 1983 to discontinue the two-tier foreign-exchange system which they favoured.²

Sierra Leone was informed in late 1984 that the I.M.F. intended to end its stand-by arrangement, apparently because it was unhappy both with the rôle of the P.M.M.C. and the Government's refusal to devalue the official exchange rate by 50 per cent. Soon afterwards, World Bank officials stated that they could not proceed with a planned structural-adjustment credit to rehabilitate public-sector enterprises unless the I.M.F. stabilisation programme was being implemented. Stevens eventually agreed to a devaluation of 50 per cent in February 1985, but few were convinced that he was really committed to, and capable of, undertaking any serious reforms. Finally, just before his resignation in October 1985, the President unveiled a sweeping economic recovery programme centred on a new agreement with the I.M.F., and it has fallen to his hand-picked successor, the former Army Commander, Joseph Momoh, to implement this. Stevens's resignation followed on several years of hinting that he would step down because of age, and no more convincing account has yet been offered in print.³

After Momoh had taken a few months to consolidate his rule – a plebiscite gave the new President a 99.8 per cent victory⁴ – he made moves during 1986 to implement the reform programme, including the most difficult economic measures: devaluation, new foreign-exchange allocation procedures, and a gradual phasing out of subsidies on rice and petrol. Most interestingly, Momoh appears to have 'taken on' Jamil, or at least persuaded him to adopt a lower political profile. After the P.M.M.C. had been suspended from management of the diamond mines, Jamil announced his intention 'to relinquish the 41 per cent shares being held by his company in Diminico'.⁵ In addition to giving up his P.M.M.C. stake in the National Petroleum Company, Jamil resigned as managing director of the Government's Gold and Diamond Office that had been established in the early months of the new President's rule.⁶

¹ Haynes, Parfitt, and Riley, op. cit. p. 35.

² 'Requiem for the Two-Tier FX', in *Africa Confidential*, 2 November 1983, p. 8.

³ The best I have seen is *Africa Confidential*, 5 July 1985, p. 1, which suggests that Stevens had seriously meant to resign, and was encouraged to do so by the hopeless condition of his régime and the official economy.

⁴ 'Sierra Leone: the end of the Siaka Stevens era', in *A.C.R. : 1984-85*, p. B587.

⁵ Bernadette Cole, 'Uneasy Freetown Calm', in *West Africa* (London), 4 August 1986, p. 1619.

⁶ 'Taking the Medicine', in *ibid.* 18 August 1986, p. 1718. On Jamil's fall, see also *Africa Confidential*, 20 August 1986, p. 7.

Regardless of Momoh's motives, the economic reforms and the actions against Jamil must be interpreted as aimed at strengthening the 'state' as such. In their absence, the economy would continue to be lost to the black market, making the Government less and less able to finance itself, let alone undertake any state-like functions. And by moving to separate his régime from Jamil's empire, Momoh was acting to establish, at least on the formal level, the institutional autonomy presumed of any state in broadly understood international norms (as well as increasing his popularity with those Africans who take a 'dim view' of the Lebanese). The initial position adopted by Momoh may be explained as being in line with general expectations about the nature of the presidential office and the proper concerns of a state, the substantial incentives from the I.M.F. and World Bank to conform to these norms, and the pressures 'from below' that were threatening to weaken still further the fragile national economy. It is in Momoh's interest to change policies – *not* changing them means allowing the foundations on which his Presidency rests to be undermined.¹

Among the African states undertaking economic reforms, Sierra Leone is remarkable for the relative *lack* of initiative shown by the Government in the pursuit of state-building goals. There are *some* faint indications that Sierra Leonean 'nationalism' is still a reality in some quarters: Parliament became the scene of 'lively' debates on the reasons for the country's decadence,² and all along there appears to have been a small group of technocrats allied with the I.M.F. against Jamil.³ But economic policy changes have principally been a function of the President's lack of alternatives in the face of domestic conditions and external incentives. They demonstrate the importance of international norms and régimes in helping to shape state-like behaviour.

In most other weak African states now implementing policy changes, economic reforms are more obviously the result of leadership initiatives in line with 'realist' state-building goals. Ghana is a notable example. On the eve of Jerry Rawlings's *coup d'état* of 31 December 1981 – his so-called 'second coming' – the state apparatus and official economy were so degraded as to rival those of Sierra Leone in Stevens's late years.⁴ Since then Rawlings has sought a 'revolutionary transformation' of

¹ A discussion of Momoh's decision-making in the early months of his Presidency which supports this interpretation is provided in 'Sierra Leone: Generalissimo', in *Africa Confidential*, 29 January 1986, pp. 2–4. Subsequently, Momoh has followed the 'stop and go' pattern of reform adopted by a number of other new régimes. See *ibid.* 21 October 1987, pp. 3–5.

² Cole, *loc. cit.* p. 1620.

³ 'Sierra Leone: end of the road', in *Africa Confidential*, 13 February 1985, p. 5.

⁴ On Ghana's progress towards economic ruin, see Jeffries, *loc. cit.*

Ghana, notably by radical economic liberalisation and a direct attack on the urban groups that held past régimes (especially Hilla Limann's, 1979–81) hostage to economic policies which undermined the state.

In his interviews and speeches, Rawlings blends exhortatory socialist rhetoric with the economic analysis of the Berg Report.¹ The three-year economic recovery programme unveiled in 1983 surpassed many standard I.M.F./World Bank packages in the depth and breadth of its reforms. It included, among other things, substantial producer-price hikes, public-sector trimming, and a long overdue devaluation of 1,000 per cent. Reassured by appointments of academically-trained 'moderates' and 'progressives' to key positions in the Ministry of Finance, western governments and I.F.I.s overcame their earlier antipathy to Rawlings, backing the reforms with substantial balance-of-payments finance and aid support to rehabilitate export infrastructures. The economic results have been moderately encouraging, particularly in the agricultural sector. Chronic hyper-inflation has ended, G.D.P. rose rapidly in 1984 and 1985 after at least five years of absolute declines, and cocoa production increased remarkably.² Rawlings has thus far successfully managed to cope with the political 'fallout' from urban groups disadvantaged by the reforms.³

Guinea and Mali present less striking, but still significant, examples of similar efforts being made to restore the state to a position consonant with internationally-held presumptions. Their official apparatuses and economies, as in Sierra Leone and Ghana, bordered on dissolution in the late 1970s and early 1980s. The political problems faced by Lansana Conté in Guinea and Moussa Traoré in Mali are similar to those tackled by Rawlings. Past economic policies created urban constituencies dependent on state subsidies, patronage, and opportunities for black marketing, while the peasants – the ultimate source of most of the wealth – gradually withdrew from the cash market. Though they are the natural constituency for the economic reforms needed to strengthen the state, the peasants are for the most part unorganised and, in any case, usually able to 'get by' without the

¹ See, for example, 'Flt.-Lt. Jerry Rawlings: interview', in *Africa Report*, 31, 6, November–December 1986, pp. 4–8.

² Colin Legum, 'Ghana's Impressive Economic Recovery', in *Third World Reports* (Guildford), 7, October 1986, No. HP. 1. See also *A.C.R.*, 1985–86, pp. B41–6.

³ Assassination attempts did increase after the economic recovery programme effect, and Rawlings is still constantly fencing with various labour unions and political associations. For example, see 'Ghana: potshots and crackpots', in *Africa Confidential*, 27 February 1985, p. 3. Recently the Minister of Finance, the Harvard-trained economist Kwesi Botchway, warned the I.F.I.s and donors that shortfalls of aid pledges threatened the whole programme. 'Aid Givers and Aid Receivers', in *West Africa*, 25 August 1986, p. 1763.

central government.¹ The main problem is that economic reforms are being implemented which essentially antagonise urban groups.

As in Ghana, Sierra Leone, and Tanzania, the arrival of a *new* President in Guinea has facilitated change, and Conté appears to have been happy to sweep away some of the patron-client networks that proliferated under Sékou Touré.² In Mali, an old régime with extensive interests bound up in the 'parallel economy' has also undertaken extensive economic reforms.³ President since 1968, Traoré ended a long period of unsuccessful experimentation with socialist economic strategies in 1980, embarking on a series of I.M.F. and World Bank programmes. According to one observer, 'From the political point of view... the stage was set for a new deal. A wide consensus had developed among the ruling élite – a tandem of military officers and technocrats – that things had to change.'⁴

In Tanzania and Zambia, policy reforms have been adopted only when their leaders were convinced that they would have beneficial effects. Julius Nyerere's ideological resistance to liberalisation probably meant foregoing millions of dollars of aid and credit between 1982 and 1986; it would be difficult to argue that his resistance stemmed principally from fear of urban discontent, or an unwillingness to disturb a 'patrimonial' system. Nyerere's chosen successor as President, Ali Mwinyi, pursued a strategy of liberalisation well before an agreement with the I.M.F. was finally negotiated in September 1986.⁵ For Zambia, there is evidence that extensive economic reforms were effectively blocked until President Kenneth Kaunda was convinced that elements of the 'policy deficiency thesis' were correct.⁶

Myriad instances of 'patrimonial' behaviour can be found in all the African states that have undertaken the partial liberalisation of their economies. State resources have been, and will continue to be, used as patronage. Investment decisions have been made according to 'political' or 'ethnic' criteria rather than cost-benefit rules. Many

¹ This generalisation is developed analytically in detail by Robert Bates, *Markets and States in Tropical Africa* (Berkeley, 1981).

² See L. Gray Cowan, 'A New Guinea?', in *C.S.I.S. Africa Notes*, 59, 30 June 1986; and *Africa Confidential*, 30 January 1985.

³ For a description of policy changes in Mali, see J. B. Zulu and S. M. Nsouli, 'Adjustment Programs in Africa: the recent experience', I.M.F. Occasional Paper No. 34, Washington, D.C., 1985, pp. 22–5.

⁴ Howard Schissel, 'No More Room for Maneuver', in *Africa Report*, 29, 5, September–October 1985, p. 63.

⁵ On liberalisation under Mwinyi, see Park, loc. cit. p. 40.

⁶ Lancaster and Williamson (eds.), 'Concluding Appraisal', in *African Debt and Financing*, p. 205.

bureaucrats treat their positions as personal benefices rather than impersonal offices. And it is highly likely that in time patron-client networks will develop below the new leaders. But the changes in economic policy taking place in Sierra Leone and elsewhere should make it clear that state 'interests' in Africa are not determined *solely* by a 'patrimonial' or patronage-oriented political logic.

A fuller account of how weak African governments determine their interests has to consider the rôle of relevant international norms, and the extent to which these are supported by I.F.I.s when pressing for the creation of 'empirically' valid states. Under the influence of 'patrimonial' or 'kleptocratic' forces, privatisation may proceed to the point where the existence of the 'state', as understood in broadly accepted international norms, is threatened, as it was in Sierra Leone. But in the end it is not in the interests of the leadership to allow the machinery of government to collapse and disappear.

The argument, then, is that international factors help induce African governments to take action to strengthen the state and official economy. The *way* that the present international system induces 'realist' behaviour in Africa differs somewhat from the classical view that 'states which fall behind are in danger of losing their independence', so they must constantly develop themselves, economically and militarily.¹ As Jackson and Rosberg have pointed out, this conception does not apply fully to tropical Africa, since the 'juridical' existence of weak African states is guaranteed by the 'world community of states', and hence the danger of invasion by stronger neighbours is reduced. I would agree that, as a result, the pressures of international competition are lower for sub-Saharan states than they were for European states in the years of their modernisation (this is Jackson and Rosberg's point of comparison). But competitive pressures exist none the less, operating in at least three ways.

First, security concerns obviously do influence leadership decisions in Africa. Fears about the growing military power of neighbouring states, and about who is allied with whom, have an effect, particularly in West Africa and the Horn.² Second, more relevant to the issues addressed in this article, norms about economic competition between states persist. The relative developmental successes of Kenya in East Africa and of Côte d'Ivoire in West Africa have been a significant factor motivating

¹ Jackson and Rosberg, 'Sovereignty and Underdevelopment', p. 4.

² See, for example, an excellent discussion of the alliance strategies of the President of Côte d'Ivoire in West Africa by Howard French, 'Houphouët's Region', in *Africa Report*, 31, 6, November–December 1986, p. 9.

economic policy changes in Tanzania and elsewhere. Investment codes are being rewritten in many countries so as to favour the foreign investment that has so obviously contributed to Kenyan and Ivorian growth. Wholesale smuggling of cash crops into the more successful neighbouring states provides a tangible demonstration of the destructive effects of an over-valued exchange rate, and the differential benefits it provides for other economies.

Finally, present international norms about states and the proper rôle of government spur new African leaders to legitimate their rule in terms of their potential contribution to development. The international norm of economic competition – the race for a higher G.N.P. – is thus internalised. Lacking an anti-colonial struggle to refer to, Rawlings in Ghana, Sankara in Burkina Faso, and Conté in Guinea have all tied the legitimacy of their governments to a new economic deal for the people. To a degree we should recognise this as well-intentioned rhetoric, and expect that ‘patrimonial’ features will sooner or later develop in force in the new régimes. But we should not discount the existence of these norms, and of a highly developed set of international institutions for finance and development geared to act on them. It is likely that the exchange rates of African currencies will increasingly come to reflect realistic values, and that in fewer countries will peasants be driven out of official channels by rapacious state-marketing boards.

African governments participate in the present international system, and in various ways accept its assumptions about states and their management – relatively willingly, as in Ghana, rather unwillingly, as in Sierra Leone, or almost entirely unwillingly, as in Zaïre. The continuing economic-policy reforms in sub-Saharan countries should point us away from essentially cultural theories about the ‘true nature’ of African society and government, towards a broadened study of how state interests are determined throughout the continent.