

its name. Some would argue that these were aberrations, but they brought about indelible psychological scars on many. Many individuals suffered the wrath of the ‘comrades’, including the lynching with car tyres (‘necklacking’) of those accused of collaborating with the apartheid security forces, in some cases without sufficient evidence. There was also the reign of terror unleashed by UDF-aligned youth activists who organised themselves into self-defence units in various townships. Some of them took on the role of a moral police force, in some cases dictating the dress code of women, acceptable forms of hairstyles and the quantities of alcohol that should be drunk. Perhaps the UDF had outlived its transformative purposes. Its leadership was losing control over a growing mass movement. It was bedeviled by factionalism or regionalism. It is possible that its continuation could have bred reactionary forms of politics and uncontrollable militias in the townships. Its demobilization, though mainly self-inflicted, also signaled the end of an era.

There is also a simplistic current that permeates the book, suggesting that the ANC was a project of global capital and was socialised in a linear fashion into neo-liberal thinking to protect the interests of the ruling class. What this analysis overlooks is that there was, in any case, limited space for the ANC to adopt policies that were hostile to capital in the early 1990s, given the ANC’s inexperience and the shifting global ideological pendulum towards global neo-liberal thinking. There is hardly any country that was not affected by this wave.

The continued use of the tag of neo-liberalism today as a form of criticism of public policy and government action often lacks nuance. Even the authors use it willy-nilly as a shortcut to avoid grappling with the complexity involved in the implementation of public policy and the creative tension that results in managing an array of social relations – in particular labour and capital – by the state. In some instances, this ‘neoliberal’ pejorative tag is used as a substitute for analytic rigour and as a crutch for those who are convinced, on the basis of slim evidence, that private capital acts as an organised secret society and a proprietor of government policy.

There were intermittent tensions between the ANC and sections of white capital, in particular finance and mining capital, from the late 1990s. The relationship between the state and capital became particularly frosty when the insurer Old Mutual and Anglo American Corporation de-listed from South Africa and preferred to use London as a primary listing.

In other areas, legislative measures that overturned the old order mining rights, which had resided with the mining houses, to a new order where the state would take custodianship, were clear indicators of tensions between the ANC government and capital. There are currently on-going tensions between government and the mining sector, with the minister of mineral resources having threatened to terminate the mining licenses of some companies. The fact that the two actors are fighting out their battle in court over a government regulation

that forces mining companies to adhere to their social obligation is hardly a sign of a state that is in the pockets of capital.

Where Saul and Bond are perhaps correct in their observation is that individual leaders of the ANC have used their privileged political positions to gain access to commercial resources. Through BEE schemes, they have become shareholders in white-owned companies, Ramaphosa being a case in point. In other instances, these leaders are offered Board positions in blue chip companies. But this hardly amounts to an entire governing party being in cahoots in the interest of big capital.

The ANC government instituted policies such as employment equity, labour relations act, and broad-based BEE laws, to the chagrin of big business in general and foreign capital in particular. Such laws would not exist if the state was, in the crude Marxist sense, an executive of capital. There certainly are instances where government safeguards the interests of capital, but not as an end in itself but because doing so is essential for leveraging resources to expand economic activities and creating employment. In some instances, government protects the interests of workers and consumers through a competition policy. Yet in others, government protects workers through labour regulatory regime or public interest provisions during mergers and acquisitions.

Further, there is a large state sector, or state-owned enterprises, that co-exist with private enterprise. There has also been much unravelling of the initial template

of economic policy that was proposed by the International Monetary Fund and the World Bank in the formative years of South Africa’s democracy. There is a great deal of emphasis today on industrial policies and a gravitation of diplomatic relations from the West towards countries that present themselves as offering an alternative to the West – China and Russia. On competition policy issues, for example, the state has fearlessly taken on big business for either price fixing activities or collusive behaviour, despite their protestations and marshalling of legal force.

The relationship between the ANC and capital is a lot more complex than the version offered by Bond and Saul. Where the book demonstrates most convincing analysis is with respect to institutional failures of the state to perform its constitutional obligation towards the poor – in particular delivery of housing and other basic social services. Government’s wastage on various ‘white elephants’ that have nothing to do with improving the overall quality of life, as well as pervasive corruption, are well-documented and forcefully argued in this work.

However, the conceptual linkages between the different themes – from the making of South Africa to Marikana and ‘recolonisation of South Africa’ – are very weak. Despite these gaps, the book provides an interesting re-reading of South African history and is an important addition to a growing literature that seeks to understand how South Africa came to be where it is today; and why the dreams of the majority of its citizens remain unfulfilled more than twenty years after the attainment of democracy.



Jomo Kwame Sundaram and Anis Chowdury argue in their article ‘Is Good Governance a Pre-requisite for Africa’s Development’ (*Africa Review of Books*, volume 9, number 2 - September 2013) that the thesis put forward by influential sectors of the donor community that ‘good governance’ entailing rule of law, well-defined property rights, minimalist government, government transparency, free and fair democratic elections, independent press and media, minimal corruption, liberal market economic operations, and the like, constitute the best way forward for developing countries. This thesis has been touted by the OECD countries and the World Bank. Sundaram and Chowdury (henceforth S&C) argue, on the other hand, that ‘good governance’ is neither necessary nor sufficient for economic growth and development. In this regard, their opposing viewpoint is consistent with similar views expressed by ‘leading development experts on Africa’ who argue that ‘African countries badly need to embark on processes of economic transformation, not just growth, and they are not helped to do

Is Good Governance a Prerequisite for Africa’s Development? A Reply to Sundaram and Chowdury

Lansana Keita

so by insistence on prior achievement of good governance, meaning adoption of institutional “best practices” that have emerged in much richer countries’ (S&C: 4). A preliminary observation is that some might be inclined to construe this observation as rather condescending in that countries that casually accept rent-seeking practices involving corruption – one of the anathemas of ‘good governance’ – are not expected to change such institutional practices as one of the preconditions for development.

Sundaram and Chowdury begin their analysis with the observation that ‘Effective government or good governance matters, but it is not obvious or clear what that means’ (S&C: 4). The authors then cite the World Bank’s Worldwide Governance Indicators (WGIs) which advised developing countries to heed ‘45

aspects of good governance’ (S & C: 4). This number of aspects, according to the authors, grew to 116 by 2002, thereby leading to some confusion as to the meaning of the term ‘good governance’ itself. The authors then cite researchers such as Melissa Thomas (2010) who is ‘highly critical of the definitional changes which have taken place. She points out that there is a substantial difference between measuring something and measuring perceptions of it. For example, perceptions of crime risk have been shown to be quite different than [sic] actual crime levels’ (S & C: 4). But the analogy is not apt in this instance. The instances of inefficient and good forms of governance are easily tracked and measured. There is no basis for confusing ‘perceptions’ and ‘actualities’ when the issue concerns governance. The vast

governance gap between countries such as Norway and Equatorial Guinea, and between New Zealand and Gabon, is palpable. In fact, one just has to consult the UNDP’s Human Development Index tables and apply Gini coefficients to all those countries in the lowest rank, the countries of ‘low human development’. The same comparative metric principles also apply to countries such as Nigeria and South Africa. The truth is that the peoples of all countries have a fairly accurate idea of whether their governments operate on the principles of ‘good governance’ or not.

There are other critiques of the ‘good governance’ thesis that Sundaram and Chowdury cite such as Rothstein and Teorell (2008), who argue that ‘good governance’ and ‘quality of government’ discussions are rather remiss in ‘addressing the issue of what constitutes QoG [quality of government] in the first place. They identify at least three problems with existing definitions: they are *extremely broad*, or are *functionalist* (e.g., “good governance” is “good-for-economic development”) or only deal with

corruption. The problem with broad definitions is that if good governance or QoD is everything, then maybe it is nothing' (Rothstein and Teorell 2008: 168)(S&C: 4). Other similar references are made, all in support of the thesis that 'governance is neither necessary nor sufficient for African economic development'. Apart from the claimed fuzziness of the term 'good governance' itself, the authors cite other researchers who point to other more important considerations to explain Africa's present economic state. They cite Sachs *et al.* (2014:121-122) who claim that poverty is the crucial variable in explaining why there is little growth in a number of African countries. Thus 'governance reform' will do little to overcome the present impasse. But the result of presenting such alibis as explanation for Africa's growth problems mainly evade the issue and lead inevitably to a kind of cognitive agnosticism on the requirements for African development.

Sundaram and Chowdury also argue that there are indeed a few countries that have flouted good governance prescriptions and have managed to 'grow from poverty to prosperity in the last half century' (S&C:5). Yet such countries are not named. Presumably, reference is to South Korea and Taiwan. But these two countries are special cases because during their years of growth both were shepherded by the United States in its ideological conflict with the Soviet Union. This meant that there were regular flows of financial capital into both countries and U.S. markets were open to their exports. South Korea was being primed to match North Korea, while Taiwan was played off against the People's Republic of China. In the case of South Korea, there was indeed corruption but it was 'dividends corruption' rather than 'looter corruption'. In the former case, corruption took the form of transfers of a certain percentage of profits earned by private corporations to government officials. In the latter, there was the outright looting of state coffers by government officials (Wedeman, 1997).

The upshot of the discussion offered by Sundaram and Chowdury is that African governments somehow constitute special cases that should not be subjected to governmental standards similar to those applied to, say, the OECD countries on their paths to development. Yet, one might want to consider developed countries with impressive per capita GDPs such as Iceland, New Zealand, and Singapore that were not advantaged with great natural resources and have quite different cultural backgrounds. Consider their respective per capita GDPs and human development rankings as expressed in the UNDP's Human Development Index (2013): Iceland (\$35,116, ranked 13th), New Zealand (\$32,569, 7th) and Singapore (\$72,371, 9th). These three countries did indeed satisfy most of the basic requirements for 'good governance' as the argument goes. As in the case of South Korea, they started off their economic careers

relatively underdeveloped. The authors cite Jeffrey Sachs (2012) who writes that a number of African countries are just too poor to grow, regardless of whether or not they satisfy good governance criteria (S&C: 5).

What is missing in all this is that Sundaram and Chowdury fail to acknowledge the subtext that lies at the heart of the 'good governance' recommendations. Ever since the independence years, Western lending agencies have been touting the virtues of 'good governance' according to the principles of neoliberalism. These principles as promoted by international lending agencies such as the IMF, the World Bank, and donor countries stress free market economics, minimal government intervention in the economy, and encouragement of direct foreign investment. This was the basis for the opposing views expressed by the Berg Report (1981), produced by Elliot Berg of the World Bank, and the Lagos Plan of Action (LPA, 1980), produced by the OAU and reissued by the United Nations Economic Commission for Africa. In theory, the LPA stressed a Pan-African self-sufficiency where eventual industrialisation would be the goal in economic contexts where governments would have important roles to play. The implicit subtext here is that 'good governance' is essentially a code phrase for a particular kind of government, that is, neoliberal government.

In this regard, it is instructive to distinguish between 'good government' and 'good governance' to understand more fully what is actually being debated. The former applies to the particular structure of government while the latter applies to the process of governing. Of course, there are normative considerations here which I would explain as follows. 'Good government' could be defined as 'government that garners maximal consensus in terms of societal acceptability'. This is based on the assumption that the vast majority of humans are by nature risk averters in terms of their decision making. Thus the kind of government that satisfies the optimal well-being of the social majority would be considered 'good government' by most. An example would further illustrate this point. Consider the hypothetical case of an individual, A, who is offered the following options: flip a coin with the following payoffs; heads will earn \$5 million while tails would earn \$1 million; or flip another coin with \$15 million for heads and \$0 for tails. Given that humans in general are risk averters, most individuals would opt for the first option on the ground that whether heads or tails there will be some gain. It is the same with governments: governments that guarantee minimal insurance for the majority would be preferable to ones that do not. This is what is meant by 'good government'. This idea resembles somewhat the Rawlsian idea of a 'veil of ignorance' according to which the hypothetical individual enters society not knowing

his or her wealth or other status. Such an individual would certainly wish that social guarantees would be put in place that would maximise his or her worst possible conditions. In real economic terms, this is what obtains for those nations that are highest on the UNDP's Human Development Index list. Their governmental structures are founded on the principle of social and economic maximisation. This would also imply that there are forms of government that are non-optimal as is implicit in the 'good governance' thesis propounded by international agencies such as the IMF and the World Bank. This is reflected in countries with Gini coefficients that range from 0.65 to 0.99. Yet such vast disparities in wealth and welfare distribution would not be in conflict with the kind of 'good governance' structures touted by its promoters. The point is that those who argue for 'good governance' rarely take such issues into consideration. Evidently 'good government' is distinct from 'good governance'.

The same could be said for the idea of 'good governance' in terms of governmental process. In this instance, 'good governance' would not refer to any form of governmental structure but to the efficiency with which governmental processes are executed. In this instance, corruption and other forms of rent-seeking are not to be countenanced. It is on this issue that those who argue for 'good governance' may have a point. Corruption may be excused if its impact is benign in nature, that is, unearned gains as economic rent find local investment outlets. The fact is that 'bad governance' in the form of rampant corruption, abuse of the law, abuse of the principle of governmental transparency, and so on, strongly impede balanced developmental agenda. So the best governmental combination for economic growth and development is 'good government' combined with 'good and effective governance'. Other combinations would yield sub-optimal results.

Sundaram and Chowdury emphasise their critique of the 'good governance' mantra when they write with reference to Gray and Kahn (2010) that 'Regardless of their political structure, successful developing countries have had high levels of political corruption, typically

necessary for political stabilization through patron-client networks. Hence, adapting governance capabilities to the specific conditions of African countries is very different from the exclusive focus on democratization, decentralization or anti-corruption that the good governance approach espouses' (S&C: 6). But the authors do not name such countries.

First, it should be noted that the countries that are viewed as developed are in a continuous phase of development as they adapt to new technologies and new economic arrangements. At one point in time, they were also viewed as 'developing'. Take the cases of Iceland, New Zealand, Singapore, Norway, Denmark, Taiwan, South Korea, and Hong Kong [ex-colonial enclave]. It is not the case that such countries were plagued excessively by corruption. If countries like Iceland, Norway, and New Zealand found democratic politics and non-corruption useful in their modernising goals, then why not the nations of Africa? Second, it is time that the countries of Africa break away from the dependency connections with the so-called donor nations and the paternalistic hegemony that institutions such as the IMF and the World Bank exercise over Africa's economies. Thirdly, the authors fail to point out the neoliberal economic ideology that serves as the subtext for the 'good governance' thesis. The origins of the present situation go back to the Lagos Plan of Action recommendations versus those of the World Bank's Berg Report. The Lagos Plan of Action has been shelved and replaced by NEPAD, which in turn endorses the 'good governance' programme. The political economy of African development should not be a reactive one based on whether African governments conform or not to IMF and donor-countries' ministrations but one based on how to formulate independently proactive theories and recommendations that would apply comprehensively to all the countries of the AU, as the Lagos Plan of Action did in embryonic terms. Merely focusing on the 'good governance' mantra, with critical authority granted to theorists who are themselves within the neoclassical economics optic, does not really advance Africa's developmental agenda.

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Lansana Keita provides some interesting perspectives in critically reviewing our ‘Is Good Governance a Pre-requisite for Africa’s Development?’ Nevertheless, Keita’s position and conclusion are not really different from ours. Although Keita believes that we fail to see it, we agree that ‘The implicit subtext here is that “good governance” is essentially a code phrase for a particular kind of government instead, that is, neoliberal government’.

It seems that our arguments are not clear, or that Keita has misunderstood us. We certainly do not discount the importance of ‘good governance’ or ‘effective’ government, as Keita seems to imply. Our main contention, as the title of our article implies, is that what is widely deemed to be ‘good governance’ is not a pre-requisite for development. Rather, we contend that ‘good governance is neither necessary nor sufficient for development’.

Keita complains that we did not provide a list of countries which have developed despite ‘bad’ governance, or lack of ‘good’ governance. Keita thinks that Taiwan and South Korea fit, but we would add many others including the People’s Republic of China, most countries in Southeast Asia, Bangladesh and others. Ethiopia and a few other

A Rejoinder to Lansana Keita’s Reply

Jomo Kwame Sundaram and Anis Chowdhury

African countries are also growing rapidly despite their poor governance indicators.

These cases suggest that large-scale institutional transformation – of the type envisaged by the good governance agenda – is not a prerequisite for getting growth going. Poor countries suffer from a multitude of constraints, and effective growth acceleration interventions should address the most binding of bottlenecks sequentially, not all at once.

Poor governance in general may be the binding constraint in some countries, but certainly not in the countries growing rapidly despite poor governance. Thus, broad good governance reform is neither necessary nor sufficient for growth. It is not necessary, as the examples of Bangladesh, China, Vietnam and Ethiopia suggest, and certainly not sufficient, as it is difficult to sustain governance improvements without growth.

Keita cites the high correlation between low human development and inequality (Gini) to claim that ‘The truth

is that the peoples of all countries have a fairly accurate idea of whether their governments operate on the principles of “good governance” or not.’ The correlation suggests a relationship which is circular or dialectical, rather than unilinear, but it is not clear how it demonstrates that people know if a country is well governed. We agree that many people are often aware of certain kinds of corruption, but it does not follow that people are aware of all types of corrupt practices, even in seemingly well governed societies. But more importantly, OECD, World Bank, Transparency International and other such rankings of corruption, are rarely based on popular perceptions; rather, they are generally based on foreign investors’ perceptions.

Furthermore, Keita implies that the lack of good governance results in low human development and high inequality. In fact, all developing countries score badly on good governance measures and all developed countries do well. The measures do not correlate with inequality or poverty, let alone growth rates.

Hence, low human development or high inequality cannot be attributed to the lack of good governance. As a matter of fact, low human development, high inequality and poor governance all typically reflect the same underlying malaise, i.e. the lack of development.

Also, we are neither condoning corruption nor are we against improving governance. All we are saying is that these goals are better achieved and sustained through development. What matters most is the ability of governments to address critical binding constraints to growth.

There is no *a priori* ‘one-size-fits-all’ solution. Hence, developing governance capabilities for the specific conditions and challenges of particular African countries can be very different from the focus on democratization, decentralization or anti-corruption that the typical good governance approach espouses.

Also, pursuing the good governance agenda does not come cheap, and many poor countries simply do not have the resources, both financial and human, to be able to implement such agendas. And since neither growth nor development necessarily follow from improved governance, the lack of good governance in itself is rarely the binding constraint to sustainable development.

Correction

Garth Le Pere would like to retract the claim he made in his review of Stephen Ellis’s book, *External Mission: ANC in Exile 1960-1990* (*Africa Review of Books*), Volume 10, Number 1 (March 2014), that the biography of Oliver Tambo by Lulli Callinicos (*Beyond the Engeli Mountains*) is not listed in the bibliography when actually it is.



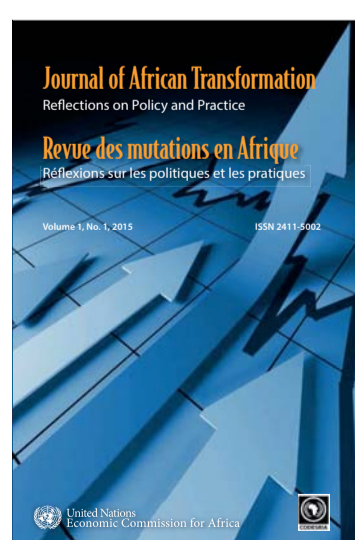
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Sous la direction de Joseph Gahama

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