The copyright of this thesis vests in the author. No quotation from it or information derived from it is to be published without full acknowledgement of the source. The thesis is to be used for private study or non-commercial research purposes only.

Published by the University of Cape Town (UCT) in terms of the non-exclusive license granted to UCT by the author.
New Partnership for Africa's Development (Nepad):
A hostage to conditionality?

Matthews B Mkhize  MKHMAT004

mini-dissertation submitted in partial fulfilment of the requirements for the award of the degree of
Master of Arts in Political Studies

Faculty of the Humanities
University of Cape Town
2002

Compulsory Declaration
This work has not been previously submitted in whole, or in part, for the award of any degree. Each
significant contribution to, and quotation in this dissertation from the work, or works, of other
people has been attributed, and has been cited and referenced.

Signature: ___________________________ Date: 06/09/02
8. Chapter 5: Intro.................................................................52-53
- Development state: an alternative?...............................53-55
- Competition state: an alternative?...............................55-56
- Development in practice according alternatives............56-61
- Conclusion....................................................................617
- Universal democracy in Africa?.................................63-68
- Democratic conditionality?..........................................68-72
- Conclusion....................................................................72-73
10. Chapter 7: Conclusion....................................................74-78
11. Bibliography.................................................................79-82
Abstract

The paper evaluates the validity of the widespread notion that one of the objectives of the New Partnership for Africa’s Development (Nepad) - to establish democracy continent-wide in Africa - will be undermined by conditionalities attached to donor assistance. Conditionality is said by critics to usurp sovereign power, and thus interferes with governance in recipient countries, pre-empting self-determination, local initiative, and self-reliance. This discourse is thus located within the tradition of practical, politically engaged scholarship. Several relevant sub-issues are generated in the paper’s primary deliberations: Nepad and conditionality are defined and principles and nature thereof explored; “democracy” is located in African politics, its history and current state examined; the effects of structural adjustments programs on African states are explored; the question of state-market relationship in development is considered; IMF and World Bank positions (i.e. policy) on conditionality are assessed; possible alternative forms of political systems pertinent to Nepad are evaluated; and continental democracy paradigm and democratic conditionality paradigm are suggested. I argue that concern about adverse effects of conditionality on democracy is well-founded, but suggest that re-examination and re-construction of conditionality may avert foreseeable harm and produce favourable results.

Introduction

“The African child has been threatened by a lot of other catastrophic situations, including being drafted into combat situations, subjected to labor recruitment, exposed to illicit drugs, and often deprived of basic needs. With such a bleak up bringing these children are denied from such an early age a prospective future and thus condemning a substantial part of the future of this Continent to despair.” These were the words of the Organization of African Unity Secretary-General Salim Ahmed Salim in his opening speech at the OAU 74th Ordinary Session, July 5, 2001, the last sitting of the organisation before its evolution into the African Union. The bleak future of the continent he refers to has political turmoil and economic stagnation as its root cause, otherwise children would not but subjected to the vagaries he mentioned. On this 74th Session, the Millennium Africa Recovery Plan (MAP) was submitted to
On this 74th Session, the Millennium Africa Recovery Plan (MAP) was submitted to the Organization. MAP, which was presented in the document titled “The New Africa Initiative” (NAI) since the program incorporated the Omega Plan (Senegal’s brainchild), was a program the primary objective of which was recovery of African economies. (It is now a mute point that Senegal protested that Omega did not received adequate attention in NAI - the latest development programme has received universal acceptance by Africa heads of state). Though assistance has been sought from developed countries, aid to the program will also be sought from the World Bank and the International Monetary Fund (Nepad, 2001, 52), invariably with conditions attached. One object of this programme now known as the New Partnership for African’s Development (the sequence of name changes is explained below) is promotion of a democracy in Africa — “The objective of Nepad is to consolidate democracy…” (Nepad, 2001, p.63), and emphasised thus “African leaders must – promote and protect democracy and human rights in their respective countries and regions, develop clear standards, accountability, transparency and participatory governance at all levels” (Nepad, 2001, p.11). Literature dealing with effects of conditionality abounds, and it is from such sources that a reasonable assumption is made that there exists tension between Nepad’s above mentioned object and conditionality.

Structural adjustment programmes (SAPs) sound like a good idea in the face of the horrors of an apartheid-structured society or corrupt, inefficient, one-party, state-dominated dictatorships. Or are they? Recipients of aid and critics of conditionality claim that presently conditionality with its structural adjustment programs seems to be motivated by interests peculiar to donors. This suggests that the problem with conditionality is the interests that shape them, hence the tension mentioned above. However, popular opinion does ever validate a claim. Hence, facts to dispute or support the allegation need to be provided, so providing a rationale to paper.

The IMF and the World Bank say, in assessing eligibility of a country that is to receive assistance, the political system of such country is immaterial, though “good governance” may allow for additional discretionary funding. But a non-democratic, repressive state that seems to be attacking all fundamental democratic principles and human rights known may not be in good stead with international donors and states, in
comparison to a democratic state. A good example of such would be Zimbabwe – the questionable free and fair elections, the ostensibly racist land redistribution program, denial of freedom of expression, freedom of association, the ruling party’s intolerance to opposition, absence of separation of powers as government interferes with judiciary, and the general lack of rule of law. As the discussion progresses, it will be shown that establishment of a democratic polity where there is none and consolidation of the same where it appears to be weak or is at its embryonic stage is a condition placed on recipient countries by donors (though Uganda with its dubious "democracy" is an example of a rare exception to the norm). In a world of interconnected political authorities and power centers, how should democracy be understood? Can the idea of a democratic polity or state be sustained in the face of systematic challenges from above and below? Can the principle of democratic legitimacy be defended against critics when the international order is structured by agencies, organizations, associations and transnationals over which citizens have minimal, if any, control, considering that affected people have no avenue to express (dis)agreement? And what of instances when both routine and extraordinary decisions taken by representatives of nations and nation-states profoundly affect not only their citizens but also the citizens of other nation-states?

Nepad, defined at length in Chapter 1, is a development programme with the promotion of democracy and revival of African economies as two of its objectives relevant here. The programme will rely on developed countries, the World Bank and the International Monetary Fund for assistance. Proponents of Nepad advance that the programme will be driven by African leaders while benefits from and ownership of the programme will rest with the people of the continent (a democratic practice). In articulating this, Nepad clearly states, “The struggle would only be won if the people are the masters of their destiny” (Nepad, 2001, p19). The concept “ownership” is herein employed to signify the following: it is those who are affected and those elected by them who determine what must be done, how it should be done, who must do it, and when it should be done – this is democracy in practice. Although “ownership” is not the same as democracy, the democratic practice such as participation in the decision-making process by person X, gives person X the sense of ownership of the object/outcome of the deliberations. If affected people or those elected by them decide to seek foreign assistance while acting on mandate, that is
democracy – there is no imposition. Tandon (2002) says an early reaction from social movements of the continent was that the people were not consulted on Nepad strategies. This is a participatory democrat’s argument, a representative democrat may argue that the ballot expressed who the people entrusted with the duty to decide for the good of the people and the country. But since Nepad is a process, it is not unreasonable to assume that the promised necessary consultation shall take place, therefore “ownership” may not necessarily be at risk on the grounds of lack of consultation. What seems to ultimately put “ownership” at risk is conditionality, since the claim is conditionality prevents “ownership” from being exercised by the state and the people. It is in this sense that it can be argued that conditionality undermines democracy in toto, regardless of the type of democracy.

When the Bank, the IMF, and donor countries offer assistance, such assistance invariably creates obligations on the part of the recipient country. These obligations flow from the conditions (conditionality) attached to the assistance package given. As will be shown below, conditionality become operational upon offer and acceptance of assistance, meaning that erstwhile issues such as the amount of funds given is immaterial in relation to conditionality. This means that regardless of how large or small the amount an aid recipient accepts, conditions will apply on the bases that aid has been accepted. The paper will explore the assumption that there is tension between conditionality (said to usurp power) and democracy, in that structural adjustment programmes (SAPs) undermine democracy to an extent that such will lead to the defeat of one of Nepad’s object, established democratic polities continent-wide.

The economic outcomes per se of SAPs do not fall within the ambit of the discussion. The paper deals primarily with economic-political aspects, mainly in relation to democracy. Each chapter’s introduction outlines its content and structure, and ends with a conclusion that summarises the discussion, illuminates what the chapter has shown, and links the preceding discussion to the subsequent chapter. The following is a synopsis of the discussion per chapter: Chapter 1 will begin by tracing the origins of Nepad, outline its principles, then offer a paradigm of democracy that includes elements found in substantive and procedural conceptions of democracy. Section two of the chapter places this discussion of Nepad into context through is a brief overview of the state of politics in Africa. The third section evaluates democratic polity when
faced with adversary and considers the challenges in Africa. The fourth and fifth sections considers the past and present democratic trends in Africa and prospects of democracy in the continent. Chapter 2 deals with conditionality only - defines conditionality for purposes of operationalising the concept, illustrates briefly how it functions (critical to the discussion), gives a condensed current IMF stance on conditionality.

Chapter 3, first section - assesses the socio-political impact SAPs have had on the African state. The second section deals with two versions of democracy, one stressing the strictly liberal elements, the other version stressing the democratic elements. Conditionality, I argue, is in rhythm with the former version. Chapter 4 attempts to show how synergy between the state and the market to produce economic success can or cannot work – the relevance of this part is founded on claims that SAPs have a propensity of weakening the state (a democratic state embodies the will and aspirations of the electorate). The second part deals with the fundamentals of economic policy, for purposes of evaluating SAPs. Chapter 5 first section considers the viability of other forms of states that can also facilitate Nepad’s objectives, and the second part illustrates how these states understand and implement economic recovery/development. Chapter 6 attempts to offer two paradigms. The first paradigm endeavours to explain how “continental democracy” can be achieved (to prevent reversals), whereas the second paradigm explains the probability of a move towards “democratic conditionalities.” Chapter 7 concludes the paper with a summation of the whole discussion chapter by chapter.
Chapter 1

The chapter will first give a definition of Nepad and then briefly outline its principles. Then, given that the issue does not concern a particular form of democracy but democracies, it would therefore be proper to offer a "democracy paradigm" that will include elements found in substantive and procedural democracy. The concept "democracy paradigm" refers to a set of principles and ideas that are conventionally conceived as the foundation of democracy. The second section of the chapter is a brief overview of the state of affairs in Africa, to set the base of the discussion. Third section evaluates the strength of a democratic polity when faced with adversary (considering the challenges in Africa). Fourth section considers the immediate past and current political trends relative to democracy in Africa, and the fifth section gives a brief overview of the prospects of democracy in the continent.

New Partnership for Africa’s Development

As a point of departure, it is of cardinal importance that it be stated that the paper will not be exploring what is termed “African Renaissance” in toto, but rather the focus will be on the tension between the New Partnership for Africa’s Development’s other object, democratisation, and the Bretton Woods twins’ conditionalities. Nepad’s objectives that are relevant here are development and establishment of democracy in the African continent. Nepad is a species of “African Renaissance”, an ideal that is said to have been in existence for almost a century. The contemporary frequent use of this concept by the South African President Thabo Mbeki and the Libyan leader Muamma Gaddafi’s coining of “United States of Africa”, saw the revival of this ideal. Since then there has been a series of meetings, conferences, and workshops set up and attended by African states leaders and delegates from around the continent - the object of which was to remove the “Renaissance” from abstraction and place it in the practical realm of the African continent’s circumstances. One product of these deliberations was the Millennium Africa Programme (MAP). Africa’s top brains assembled to create and fine-tune this programme that was aimed at breathing life into the continent’s economy. Consequently, in a SABC 3 interview on the 19th of July 2001 (GCIS), President Mbeki said the name of the programme will remain MAP and
will not change because of the incorporation of OMEGA (Senegal’s programme), this was because the acronym MAP was established both in Africa and in the world community. He further added that OMEGA offered more details on how MAP is to be marketed. But the combination of MAP and Omega did produce a new name, the New Africa Initiative (NAI). This programme was subsequently given a new name at the inaugural meeting of the steering committee in Abuja, Nigeria, and is now known as the New Partnership for Africa’s Development (Nepad) (Business Day, SA, 01-11-01). Although the programme has changed names, its principles and objectives have not

The South African President’s economic adviser who was also involved in the drafting of MAP, Wiseman Nkuhlu, is leading a team of officials from Nigeria, Algeria, Senegal, Egypt and South Africa that forms a management committee tasked to fine-tune the Nepad blueprint (Business Day, SA, 10-26-01). This team includes technical experts from developed countries and African states in sectors such as health, economy, information technology, science, security and politics. Mr Nkuhlu said the title “Nepad” was only a description and there was no change to fundamentals of the founding document (NAI). At present, the programme is being driven by Nigeria’s President Olusegun Obasanjo as chairperson, and President Abdelaziz Bouteflika of Algeria, Egypt’s President Hosni Mubarak, President Wade of Senegal and President Mbeki as vice-chairmen. In a SABC interview on the 22 of June and on the 19th of July 2001 President Mbeki said the number of African leaders participating is likely to increase to fifteen, and this has indeed happened, fifteen heads of state are now political principals in charge of policy. This may be an indication that Nepad structures are likely to evolve with time. The first Nepad (then MAP) policy document was canvassed at various forums, including the African heads of states summit in Libya in March 2001. The cornerstone principles were tested and approved, the final document was presented in the final sitting of Organisation of African Unity summit in July 2001. The document was endorsed (Sunday Times, 25-03-01).

For its success, the programme depends on the goodwill of developed countries but relies heavily on multilateral institutions such as the World Bank and the International Monetary Fund, from whom financial assistance will be sought. As mentioned earlier, the subsequent combination of MAP and Omega produced “The New Africa
The basic principles of NAI (also found in Nepad) that are relevant to the present discussion are reflected in the following clauses of the document - verbatim:

64. “The African initiative has, as one of its foundations, the expansion of democratic frontiers and the deepening of the culture of human rights. A democratic Africa will become one of the pillars of world democracy, human rights and tolerance. The resources of the world currently dedicated to resolving civil and interstate conflict could therefore be freed for more rewarding endeavours.

69. To ensure that the World Bank and other multilateral development finance institutions participate as investors in the key economic infrastructure projects, in order to facilitate and support the securing of private sector participation;

73. The African initiative's objective is to consolidate democracy and sound economic management on the continent. Through the programme, African leaders are making a commitment to the African people and the world to work together in rebuilding the continent. It is a pledge to promote peace and stability, democracy, sound economic
management and people-centred development and to hold each other accountable in terms of the agreements outlined in the programme.

In proposing the partnership, Africa recognises that it holds the key to its own development. We affirm that the African initiative offers an historical opportunity for the developed countries of the world to enter into a genuine partnership with Africa, based on mutual interest, shared commitments and binding agreements” (A New Africa Initiative, July 2001).

Nepad also says partnership will be based on binding commitments by developed countries and multilateral institutions to an agreed set of obligations with clearly set out milestones and timeframes (The mechanisms through which agreements will be implemented and enforced are being worked out by the steering committee). Members will make binding decisions on the implementation of the programme and subsequent initiatives on behalf of participating countries. Nepad further says among the key priorities of the programme is the establishment and protection of a political order and systems that are legitimate, supported by the African peoples, strong enough to defend their interests and able to tackle fundamental developmental interests (Nepad, Oct 2001). In dealing specifically with democracy and political governance the document further states:

“79. It is now generally acknowledged that development is impossible in the absence of true democracy, respected human rights, peace and good governance. With the New Partnership for Africa’s Development, Africa undertakes to respect the global standards of democracy, which core components include political pluralism, allowing for the existence of several political parties and workers unions, fair, open, free and democratic elections periodically organised to enable the populace choose their leaders freely.” (New Partnership for Africa’s Development, October 2001)

“80. The purpose of the Democracy and Governance Initiative is to contribute to strengthening the political and administrative framework of participating countries, in line with the principles of democracy, transparency, accountability, integrity, respect for human rights and the promotion of the rule of law. It is strengthened by the supports of Economic Governance Initiative, with which it shares key features, and
taken together will contribute to harnessing the energies of the continent towards development and poverty eradication.” (New Partnership for Africa’s Development, October 2001)

“81. The Initiative consists of the following:
- A series of commitments by participating countries to create or consolidate basic governance governance processes and practices;
- An undertaking by participating countries to take the lead in supporting initiatives that foster good governance” (New Partnership for Africa’s Development, October 2001)

“82. The New Partnership for Africa’s Development states will also undertake a series of commitments towards meeting basic standards of good governance and democratic behaviour, while at the same time, giving support to each other. Participating states will be supported in undertaking such desired institutional reforms where required. Within six of its institutionalisation, Nepad leadership will identify recommendations on appropriate diagnostic and assessment tools, in support of compliance with the shared goals of good governance, as well as to identify institutional weaknesses and to seek resources and expertise for addressing these weaknesses.” (New Partnership for Africa’s Development, October 2001)

“83. In order to strengthen political governance and build capacity to meet these commitments, the Nepad leadership will undertake a process of targeted capacity-building initiatives. These institutional reforms will focus on:
- Administrative and civil services;
- Strengthening parliamentary oversight;
- Promoting participatory decision-making;
- Adopting effective measures to combat corruption and embezzlement;
- Undertaking judicial reforms.” (New Partnership for Africa’s Development, October 2001)

“84. Countries participating in the initiative will take the lead in supporting and building institutions and initiatives that protect these commitments. They will dedicate their efforts towards creating and strengthening national, sub-regional and
continental structures that support good governance.” (New Partnership for Africa’s Development, October 2001)

“...leadership of Nepad will periodically monitor and assess the progress made by African countries in meeting their commitments towards achieving good governance and social reforms. The Forum will also provide a platform for countries to share experiences with a view to foster good governance and democratic practices.” (New Partnership for Africa’s Development, October 2001)

The extended quote demonstrates the extent of the commitment of Nepad to democracy and good governance. The quoted clauses show how Nepad intends to foster good governance and democracy by establishing necessary institutions where none exist and addressing the weaknesses of those that do exist. The quotes clearly show that Nepad links the success of development to democracy, human rights, and good governance. This can also be interpreted as an admission by African states that inefficient governance and authoritarian rule is also to blame for the deficient condition of most African states today.

The first formal briefing on the progress in the development of the programme (then MAP) took place at the World Economic Forum meeting on January 30th 2001 in Davos, Switzerland. In addressing the Forum, President Mbeki said it is essential that the starting point be a critical examination of Africa’s post-independence experience, which must be followed by an acceptance that things have to be done differently to achieve meaningful socio-economic progress. He said there ought to be significant increase in new investments by mobilising both domestic and especially foreign savings, and economic infrastructure, economic development of agriculture and agro-industries, promotion of competitiveness and economic integration will be managed at regional or sub-regional levels. Another important prerequisite for the success of the programme, he said, is a partnership with the rest of the world, particularly with developed countries, multilateral institutions and private sector players on global and national level. The objective of the partnership is to increase investment in infrastructure and business opportunities. In his closing remarks President Mbeki pointed out that the briefing was the first briefing of international business leaders,
and would be followed by other briefings and consultations, both at country and regional level, cognisance will be taken on planning that has already been done on projects and programmes that are in line with the new plan, and implementation of the plan will commence as soon as briefings have been completed and commitment made by a critical number of African countries (The Star, 01-29-01).

Subsequently, there have been numerous meetings and consultations between proponents of Nepad and leaders of developed countries, international economy organs and groups. For example, on the 6th of June 2002 Miranda Strydom of the SABC3 was told by President Mbeki that the plan was commend by the G8 leaders - a number of them said it is the best African programme that they had ever seen and they were ready to work with Africa to implement it. He said there was agreement that joint mechanism must be set up for further detailed planning that is necessary to identify, for instance, priority projects in various areas of the programme. (Government Communication Information Systems, 19-07-01). The Nordic countries, the G7 and G8 countries, the World Bank and IMF, the representative of global capital, and other developed countries have also embraced the programme. The IMF made positive remarks about Nepad at the Conference on Humanizing the Global Economy in Washington DC (IMF, 28-01-2002), the International Conference on Poverty Reduction Strategies (IMF, 14-01-2002), and at the International Conference on Financing for Development where the IMF also mentioned its intention to set up regional centers in Africa in the Fund's core areas of responsibility (IMF, 21-03-2002). This suggests that the IMF seeks to play a meaningful role in the programme. Consultation between the Nepad group, interested parties, and potential partners is ongoing. The 2002 G8 Summit held at Kananaskis, Canada, reaffirmed support for Nepad by producing the G8 Africa Action Plan, a documented program of action stating how the G8 view and propose to assist Nepad. Although the Continental Civil Society (CCS) and the two continental trade union federations - Organisation of African Trade Union Unity (OATUU) and the African Regional Organisation of the International Confederation of Free Trade Unions (AFRO-ICFTU) remain critical of mainly the development strategies and prior lack of consultation, these organs have committed themselves to the program in their submissions in the AU Summit in Durban, July 2002. The AU has declared support to Nepad. This shows that although
there is some criticism of the programme in Africa, the support Nepad needs to get off
the ground, mainly from an organized critical mass, is on hand.

**Africa – state of democracy**

An analysis of a possible tension between democracy as one of the object of Nepad
and conditionality will require an exploration of the state of democracy in Africa.

Since the early 1980s pressure to democratise has been mounting from both within
and without African societies. The crisis of the African states in the late 1970s and
1980s, beset by economic decline and unable to meet popular expectations, led many
within African societies to criticise their leaders and to argue for a more democratic
polity. The growing external demand and economic difficulties of many African
states, their status in some cases as clients of major powers, and the economics and
geo-politics of global power have increasingly undermined the notional sovereignty of
many African states. At the same time external pressure from western governments
and international institutions like the World Bank, the IMF, and non-governmental
organisations was and still is to cajole African states towards democracy. It has been
argued in some quarters that the division of states into rival ideological groupings, one
espousing socialism and aligned with an Eastern tilt and the other embracing
capitalism and aligned to the West, though not firmly rooted in the African soil, did
have divisional effects. And still, in the early 1990s politicians from western countries
made a series of speeches in which they indicated that political reforms in a
democratic direction was required as a condition for further assistance (aid). Good
government, like its counterpart, “good governance”, is an idea that seem to have
taken root in western capitals and in the aspirations of political activists in Africa

Many scholars have spent their lifetime teasing out the subtleties and nuances
associated with the conception of democracy. The result of these endeavours remains
the absence of universally accepted definition of democracy and a concept that is still
highly contested in analytical and ideological discourse.
The rough and tumble of African politics that presents quite a challenge to any scholar's conception of democracy. The object of the paper does not require that specific democracy theories be explored. Rather, a broad overview of the two main conceptions of democracy will suffice: a minimalist perspective on democracy, sometimes labelled procedural democracy, is preoccupied with issues such as elected officials, free and fair periodic elections, inclusive suffrage, right to run for office, availability and access to alternative information, associational autonomy, and the separation of powers. From this perspective, democratic governance is not necessarily "good" government. Governments produced by elections may be inefficient, corrupt, short-sighted, irresponsible, dominated by special interests, and incapable of adopting and implementing policies demanded by public good. These qualities may make such governments undesirable but they do not make them undemocratic. But even if one accepts this argument, it should still be pointed out that a government that is unaccountable to the citizenry but is subject to periodic elections (the possibility of it losing exists), is less likely to conduct itself in the manner that will jeopardise its stay in office. The maximalist definition (substantive) of democracy includes all the characteristics of minimalist democracy, plus a range of desirable political, social, and economic characteristics – accords all the rights and freedoms, equality in all relevant aspects, universal participation in decision-making, enters into a social contract with citizenry, strives to be people's-agenda driven, and so forth. This perspective is more tightly coupled to a notion of a "good" (Parry & Moran, 1994, 163-189).

Democracy facing adversary
The meaning of democracy has been contested over the years. It is ironic then, that when there is theoretical uncertainty about the nature of democratic institutions and practices the democratic creed itself should have swept all before it in the world of practical politics.

The 1980s saw the apparent triumph of democracy as a system of governing. Within the pluralist democracies the best organised and the best-supported opponents of democracy, the communists, began to loose ground. It was also apparent early in the decade that the Marxist-Leninist challenge inside the established democracies was also waning. The great Communist/Soviet-aligned political bloc, which originated from the success of Bolshevism in 1915, and which had been extended and
consolidated by Stalinist military success in 1917, collapsed. Collapse was completed by the dissolution of the Soviet Union itself in 1991. Other parts of the world have seen the resurgence of democratic politics. The collapse of authoritarian rule was accompanied by the collapse of authoritarian economic institutions. The most dramatic example was, of course, provided by the Marxist-Leninist autocracies, where the dissolution of command economies was both a cause and a consequence of the collapse of political dictatorship (Lakoff, 1996, 51-58). An equally striking feature was also the way the opponents of authoritarianism grounded their opposition in the ideology of pluralist democracy. More striking still, the regimes which have succeeded authoritarianism have turned to the language of pluralist democracy to legitimise their new political arrangements. Across the world, there has purportedly occurred a large-scale process of “democratisation” (Slater et al, 1993, 43-47).

Numerous problems exist in both understanding and in achieving democratisation. The firsts concern the understanding of the conditions under which democracy can take place. Encouraging democracy in the former autocracies is arguably a policy priority for some governments of leading established democracies – Germany and the USA make claim to this policy. The second problem concerns not the analytical understanding, but practical realisation. Nobody pretends that democracy is an automatic or easy process. Just how difficult it is to achieve is emphasised by the growing knowledge of conditions in the former Marxist-Leninist autocracies. The domain of civil society that exists in the pluralist democracies was largely destroyed by the communist regimes. The destruction of civil society is sometimes relatively easy to accomplish. The reconstruction of a complex and autonomous civil society is always immensely difficult. Even at the level of rhetoric, the triumph of democracy is far from complete. If nations turn away from Marxist-Leninist authoritarianism there are no intellectually coercive reasons why they should look to democracy as the only alternative source of legitimacy. They can turn instead to authoritarian nationalism, plainly a powerful force in the old communist regimes, or they can turn to theocratic authoritarianism (Parry & Gerand, 1994, 106-131).

The third problem concerns what is happening to the democratisation process within democracies. It is natural to assume that the problem of democratisation concerns those systems now attempting to make the transition from authoritarianism. But the
systems which made the transition to democracy in the previous historical "waves" of democratisation at the end of the last century did not stand still. Even where democratic institutions were set up in a relatively short period, democratisation was not a once and for all event - the imposition of democratic political institutions was succeeded by a longer process designed to reshape popular and elite attitudes in ways that would support democratic practices (Parry & Gerand, 1994, 106-131).

Even long-established democracies have continued to experience substantial political changes, and these (political) changes bear in highly complex ways on the question of democratisation – the scope of the state; the relations between the machinery of the central state and sub-national systems of government; and the relations between the state and the sphere of civil society. Invariably, questions arise: did these changes amount to a process of further democratisation? Were they undermining democratic political life, or were they, though important, neutral in their impact on the character of democracy? Answers to these questions depend largely not only on the conception of democracy being held, but also on the view of the appropriate role of the state – what may to one person appear to be a political reform designed to limit arbitrary power of the state, to another will seem to be measures meant to restrict the responsibilities of a democratic government. Thus, if the meaning of democracy is problematic, so is the meaning of democratisation. The problematic character of the latter is obviously linked to the problematic character of the former, but democratisation presents its own independent difficulties both for the scholar and for the practitioner - problems of explanation, of realisation, and of interpretation. A dual perception exists – that of democratic politics conceived as a fixed pattern, and democratic politics conceived as a process of development and learning, where change and eventuality are the watchwords (Dryzek, 1990, 71-102).

Democracy in Africa - past and present
As Africa entered the final years of the 1980s only five states could seriously claim to be democratically governed even if the relatively minimalist definition claim of democracy involving free elections with competing political parties was used. Botswana, Gambia, Mauritius, Senegal, and Zimbabwe did meet these less than stringent conditions. Some observers would have expressed doubts over the democratic credentials of these countries. The Republic of South Africa had a long
and continuing experience of competitive elections, which included a change of
government (though this didn’t happen from 1948 till 1994) through the ballot box,
but the denial of franchise to the majority of the population tended to exclude it from
a list of democracies. Over the rest of Africa competitive party systems were absent at
that point in time. The majority of the states were governed through authoritarianism
of single-party or military rule whilst a minority could hardly be described as being
governed at all and were engaged, rightly or wrongly, in civil wars of varying

Six years later the situation had been transformed. To say that democratic systems
predominated in Africa would be an exaggeration but to say that there had been quite
a remarkable movement in that direction is incontestable, notwithstanding the
existence of a number of states, for example Burundi, where the initial momentum
had been reversed. By 1995 there was not one fully-fledged (i.e. unchallenged) single-
party state left in Africa, but this does not suggest absence of resistance to
democratise and attempts to reverse democracies where established. For the first time
in decades it was easier and quicker to list those states which had not experienced at
least some progress towards multi-partyism than those which had. Not so long ago
Nigeria held general elections and Olusegun Obasanjo emerged to be the
democratically elected president to replace coup beneficiary General Abacha; Sierra
Leone rapidly moved in that direction as well; Rwanda, Ethiopia and Ivory Coast
have restored civilian rule; and arguably so has the Democratic Republic of Congo. In
Gambia a coup d’etat in July 1994 replaced the democratic political system with
military rule that is now attempting to reform itself into a democratic government. In
three states non-party political system is in operation – Swaziland has the monarchy
and is willing but very cautious in her consideration of varying reforms; Uganda’s
President Museveni’s insistence on keeping the minimalist form of democracy until
the end of the century and attempts to amend the constitution so he can stand for
another term have subsided; Eritrea’s transitional government of the Eritrean People’s
Liberation Front pledged to proceed in the direction of a multi-party system. Calm
descended on Angola after the death of Unita leader Jonas Savimbi as both
government and Unita signed a cease fire to bring to an end a more than 16 year old
civil war to pave way for, among others, elections. In addition to these, there was
another small group of states where civil war precluded the establishment of effective governance – Liberia, Rwanda, Somalia, Sudan, Chad, (Riley, 1997, 13-29).

Since then, all the countries mentioned immediately above have established reasonable calm (save for sporadic skirmishes here and there) to allow them to put in place governments that boasts, to a certain extent, democratic form of governing. In 1999, just as it happened in Yugoslavia, a popular uprising in Ivory Coast forced the military ruler who attempted to annul the results of a democratic election to flee, and the president elect was sworn in, popular democratic voice in Zambia in 2001 forced President Chiluba to abandon his quest to stand for another unconstitutional term. During a discussion titled “Quo Vadis Zimbabwe?” held at the University of Cape Town on the 5th of March 2002, one of the invited speakers, a Member of Parliament, Mr John Gogotya said in the past 4 years (i.e. 1997-2001) more than 49 democratic elections (free and fair) were held in Africa.

Thus, by 1995 the states where party pluralism was absent represented an exception rather than a rule in Africa. In less than ten years the proportion of African states enjoying competitive party politics had gone from 10% to more than 85%, with some declaring their intention of doing so in future. Democracy starts with the possibility of political competition (between those who could be leaders) for the support of the fellow citizens, but it certainly does not end there. These developments can be used as a starting point in the examination of political change in Africa in a particular period. Fundamental to this is the awareness of the importance of paying particular attention to the very different experiences of different African states.

As the political developments described above could be identified as a struggle for democracy which have occurred since around the beginning of 1989, there can be no argument about them being “recent,” but this is not sufficient to justify describing them as being “new”. In many ways the struggle for democracy in Africa has been going on for a long time. Certainly the struggle of the African nationalist movements towards the end of the colonial period can be seen, at least in part, as constituting a struggle for democracy and an end to undemocratic colonial rule. As things turned out, this struggle tended to be more successful in indigenising political control than it was in democratising it. But this did not mean that the struggle for democracy
# CONTENTS

1. Abstract ................................................................. 1

2. Introduction ............................................................. 1-5

3. Chapter 1: Intro ....................................................... 5
   - New Partnership for Africa’s Development ..................... 5-13
   - Africa – state of democracy ...................................... 13-14
   - Democracy facing adversary .................................... 14-16
   - Democracy in Africa – past and present ..................... 16-19
   - Conclusion .......................................................... 19

5. Chapter 2: Intro ....................................................... 20
   - Conditionality – definition and objective ..................... 20-24
   - IMF present stance on conditionalities ....................... 24-26
   - Conclusion .......................................................... 26

6. Chapter 3: Intro ....................................................... 27
   - Conditionalities - Effect on life and rule in Africa .......... 27-35
   - Human rights ........................................................ 35-39
   - Development by democracy ...................................... 39-42
   - Conclusion .......................................................... 42

7. Chapter 4: Intro ....................................................... 43
   - State and market relationship .................................... 43-49
   - Fundamental principles of economic policy ................. 49-51
   - Conclusion .......................................................... 51
disappeared, because throughout the entire post-independence period large numbers of supporters of democracy in Africa continued to work for redemocratisation of their political systems (i.e. as things were pre-colonialisation). In some cases their efforts were met with success and political systems were, for a time at least, restructured along more democratic lines. The limited nature of success of African democrats in the period before 1989 cannot be allowed to conceal the efforts and sacrifices that were made prior to that. This persistence of the democratic alter ego is noteworthy. Although authoritarian rule persisted, it failed to extinguish the underlying belief of many Africans that a more democratic Africa was both desirable and attainable. As in most examples of historical change, closer inspection reveals significant elements of continuity (Wiseman, 1996, 126-137). Although there have been “reversals” post-1997, the number thereof is, arguably, not sufficient to be used to argue that Africa is not or will not democratise. It is clear from the discussion above that the foundation for democracy in Africa has already been laid and what remains is for Nepad to consolidate where necessary and expedite the process where huddles hinder. But is this very democracy under threat from conditionality attached to aid sought by Nepad?

This chapter dealt with origins of Nepad by explaining the core elements of MAP and Omega which produced the New Africa Initiative, and referred to practical steps taken to translate principles into reality thus showing commitment to the project. The chapter also explored the state of democracy in Africa then and now, showing strengthening democratic polity in Africa. It is evident then that the foundation for Nepad’s quest for democracy in Africa has been laid. The following chapter introduces and discusses that which is said to have the potential of adversely affecting realisation of this quest.
Chapter 2

In this chapter the discussion will be within the realm of international political economy. A definition of conditionality [i.e. conditions set by donor countries and international institutions on recipient countries to receive, or continue to receive monetary assistance] for purposes of operationalising the concept will be given; reference to its practical application will be made; and a current IMF position on conditionality will be offered. It is important to point out that the last part of the chapter represents the obtaining IMF conditionality policy that informs conditionality clauses.

Conditionality – definition and objectives

In the 1990s, aid donors increasingly made official development assistance (ODA) conditional on political and administrative reform in recipient countries. It is said the objectives for this (second generation) conditionality have been to promote democratic reform, human rights and administrative accountability, while the first generation conditionality relating to structural adjustment programs was initiated and driven by the International Monetary Fund (IMF) and the World Bank. In addition to administrative reform and budget balance, conditionalities have market liberalization as the prime objective. The main distinction between the two is that while the first generation is aimed at reform of the economic policy of the recipient country, the second generation is aimed, above all, at political reform involving both systemic and substantive aspects (Stokke, 1995, 3-5). However, though very clear in theory, distinction between the two becomes blurred in practice as some matters falling into the first category easily make their way into the second category, as it will be evident below.

There is nothing new about aid per se. What is the contemporary about aid is how it is used to influence the recipient and/or circumstances to, arguably, the benefit of the donor. Gifts have more often than not been used to buy and maintain friendship, forge alliances, in short, to pursue various objectives with a short or long-term perspective. Such objectives have also varied in their more specific terms according to the existing power relations between the parties to the transaction, whether these are characterised
by hegemony and dependency, or equality and interdependence. In such relations, the gift, whether of a substantial or symbolic nature, has had as its primary function to secure or increase the power position of the donor or to fend off real or imagined threats or both, put bluntly - to promote what the donor perceives to be in the donors' best interest (Stokke, 1995, 4 – 9).

So, according to the IMF's analysis, the crisis of individual Third World countries was caused by, among other things, excessive government spending (i.e. imbalance between spending and revenues), resulting in budget deficits and high inflation, and insufficient attention to factors on the supply side. The prescription therefore, was to correct these areas of neglect. The IMF the brief was – reform of the domestic economic policy of individual countries. Economic reform was made a condition of assistance through structural adjustment loans. However, the recipe was not restricted to the conventional wisdom of domestic and foreign housekeeping — it is said the mechanisms prescribed reflected a neo-liberal economic perspective and were therefore highly political. Structural adjustments of international economic relations were not part of the perspective, meaning that the asymmetrical economic global system dominated by developed countries was left unchanged. So, by the early 1980s, the program for a new international economic order (NIEO) conceived in the mid 1970s, already belonged to the distant past. The World Bank joined forces with the IMF (the main bilateral donor) and in the second half of the 1980s "like-minded" governments also fell into line. With few other sources of finance, individual debt-ridden Third World countries had no option but to accept the conditions (Stokke, 1995, 4 – 9).

Political conditionality attached to development assistance is primarily associated with state-to-state relations and international agency-to-state relations involving development assistance. The donor sets certain conditions to be met by the recipient as a prerequisite for entering into an aid agreement or for keeping up aid. The definition of aid conditionality is crucial for the discussion and is in itself controversial. The key element is the use of pressure by the donor in terms of threatening to terminate aid, or actually terminating or reducing it if conditions are not met by the recipient. The donor may set the pursuit of certain objectives by the recipient as a condition for entering into an aid agreement (ex ante conditionality), or
the expectations of the recipient’s progress towards meeting these objectives may be expressed beforehand and followed up afterwards (ex post conditionality). The objectives normally vary; second generation conditionality includes far-reaching objectives such as systemic change, ultimately involving the very system of government and policy changes (i.e. policy priorities and implementation) to be executed by the aid recipient, under donor instructions. The definition places the emphasis on coercive aspects – denial of aid resulting from non-compliance on the part of the recipient. The type of reform required may vary (Stokke, 1995, 10-15).

Stokke (1995) says the highest degree of political intervention is through governing institutions. Several demands of the second-generation conditionality belong clearly to this category; amongst these are – demand for reform towards democracy, introduction of a multi-party system, free and fair elections, as well as improved human rights. Some of the conditions associated with the first generation conditionality also apply here, in particular, demands for an open economy and for the removal of traditional mechanisms of state interventions into the domestic market and those determining inter-state economic transactions. This is significant, as it shows the overlap between the two types of conditionality, suggesting that there might be (political) intervention where the theory says otherwise. There is also a demand for the reduced role of the state in the economy relative to ownership and the running of productive enterprise (state enterprises and parastatals). Attempts to change specific policies within an area or a sector also represent a high degree of intervention, also relevant in this regard are programs/projects. Conditions at this level may involve institutional reform, official regulations, and financial or personnel contributions with reference to the environments of the aid activity. These conditions determine how the recipient uses her own funds for investments and particularly for recurrent costs. The selection of project activities and technology influences policies and priorities at the recipient side. Other conditions in this category include the financing of local costs, maintenance and procurement tying. Thus a donor will declare interest in supporting a project only if a particular type of technology (available in the donor country) is used in implementing it. Administrative conditions also apply, involving procedures for the transfer of resources, accounting, reporting, evaluation, and privileges enjoyed by technical operation personnel and project/program managers (Stokke, 1995, 3-15).
Most donors refer to the same basic policy components when defining "good governance". The most systematic effort to explore the agenda and set the objectives has been made by the World Bank. This is not by coincidence - the Bank was in need of an explanation for the very limited successes of structural adjustment programs, particularly in Africa. And in the late 1980s the Bank came to the conclusion that economic policy reforms, in order to work, had to be bolstered by reforms of the governing system of the countries concerned. Therefore in 1991 a task force was established to explore the issues of "governance" from the Bank's perspective. In essence the Bank defined governance as the manner in which power is exercised in the management of a country's economic and social resources for development, and "good governance" as synonymous with sound development management and democracy. Although broad and general, the primary concern of this definition is with the public administration aspects and establishment of democratic institutions. The emphasis (in theory) is on accountability, transparency and predictability on the part of politicians and civil servants and on the rule of law (Stokke, 8-29).

In the World Bank, these aspects are conceived of within this public administration perspective, indirectly alluding to aspects that belong to the political arena, such as political participation, open debate and political legitimacy. By the mid-1970s, several donor governments set respect for fundamental human rights as a condition for their bilateral aid. In the case of the US, the reference was to a large extent confined to civil and political rights, and in practice directed towards visible violations of such rights. Some Western frontrunners, however, adopted a policy orientated towards social justice as a criterion for the selection of main recipients of bilateral aid (Stokke, 1995, 8-29).

The second generation conditionality, therefore, brought nothing fundamentally new on the agenda in this respect. The new addition in the early 1990s was, above all, a matter of scale and emphasis: this concerned what was previously considered exclusively internal matter, civil rights. At this point, a crucial question presents itself - To what extent do objectives pursued through conditionality and the objectives set for aid coincide? Seemingly, donors changed both perspective and priority, thus moving away from the welfare agenda and towards the promotion of political order or good governance. As history shows, developed countries governments seem to have
not applied conditionality in order to attain the traditional objectives of aid, which is improved welfare (Stokke, 1995, 8-29). Tandon (2002) says Nepad indirectly admits that SAPs have failed but African people say SAPs have been at the very root of the continent’s economic and social crises.

It is asserted that a glaring absence of policy coherence caused by a stated policy involving global values varying with vested national interests of the donor in a specific case creates, in turn, a legitimacy problem. This problem is worsened by the historical record of some developed countries in the area of human rights (and democracy) both domestically and in their relations with countries notorious for human rights violations. These inconsistencies tend to weaken the position of these governments (who control the IMF and the Bank) engaged in the human rights drive. Prescribing particular solutions involves a responsibility for the outcome, and not only in cases where the result is a success (the IMF and the Bank are always quick to apportion blame in instances of failure). The situation generates the questions - To what extent does a foreign government or an international agency command necessary insights to prescribe solutions to problems arising from the domestic policy of another country, particularly if the economic, social, cultural, and natural environments are totally different from its own? And, more specifically, to what extent can it be relied on that the formula recommended will produce the desired results, namely economic (social, political and cultural) development? (Stokke, 1995, 3-37). It can be argued that a country or a commercial bank can lend as it “pleases”, and in the context of this discussion “pleases” means the setting of conditions by donors which they believe are appropriate. In response, it can be argued that if recipients of aid find the simultaneous implementation of national policy and abiding by aid conditions impractical (for example – where there is tension between conditionality and democracy), and/or they believe the conditions seem to disempower them, then recipients will raise concerns. Perhaps these are the concerns the IMF is responding to (below) in its revised stance on conditionality.

**International Monetary Fund – present stand on conditionality**

In his opening remarks at the International Policy Dialogue where the agenda centred around Ownership and Conditionality, the IMF Deputy Managing Director Shigemitsu Sugisaki said: “The intended purpose of conditionality is rooted in the
IMF's Articles of Agreement: the IMF is ‘to give confidence’ to its member countries by making financing available to them under adequate safeguards, thus providing them with the opportunity to correct maladjustments...without resorting to measures destructive of national or international prosperity" (IMF, 06-11-2001). A country continues to receive funding if and only if the country abides by conditions set, and assurances will be given to the country that it will continue to receive aid under agreed conditions. Mr Sugisaki concedes that experience suggests that conditionality ought to focus increasingly on the structural side - the broadening in focus (of conditionality) has raised some pressing concerns, and very broad and detailed conditionality may also have the effect of galvanizing opposition to needed reforms (IMF, 06-11-2001).

There is consensus in the IMF that while conditionality remains indispensable to the work of the Fund, relevant contemporary social and political trends suggests that streamlining conditionality is necessary. The Fund is also exploring ways on how to apply conditionality outside of the Fund's core areas of responsibility and expertise, while also deliberating whether it should be more selective in financing programs suffering from weak country ownership (IMF, 04-2001). In dealing with guidelines concerning governance issues, the IMF says it has become necessary that a much broader range of institutional reforms be effected if countries are to establish and maintain private sector confidence to ensure sustained growth, and that every country that seeks to maintain market confidence must come to terms with the issues associated with good governance. On these bases, the IMF says it is legitimate for it to investigate the political situation in member countries as a critical element in judging the prospects for policy implementation. Governance issues are relevant to all member countries although the problems differ, depending on the economic systems, institutions, and the economic situation. Further, the institution says the mode of its involvement will have implications for the manner in which governance concerns are addressed by its staff in different member countries (IMF, 1997).

The assistance that the IMF says it can give to foster good governance through policy advice and technical assistance arises principally in two spheres: improving the management of public resources through reforms covering public sector institutions (i.e. the treasury, central bank, public enterprises, civil service, the official statistics
function, etc): administrative procedures (i.e. expenditure control, budget management, revenue collection, etc); establishment and maintenance of a transparent and stable economic and regulatory environment conducive to efficient private sector activities (i.e. exchange and trade regimes, banking systems and related regulations, etc). Although the IMF does rely on other institutions’ expertise in areas of their purview, it can nevertheless recommend conditionality in these areas provided it considers such measures critical to the successful implementation of the program. It is explicitly stated that remedial measures that begin to address governance issues should be prior action for resumption of IMF support and, if necessary, certain key measures could be structural benchmarks or performance criteria. The Executive Board is to be kept up to date about developments in significant cases involving governance issues (IMF, 1997). The IMF says the political system of a potential recipient country is immaterial, however considering communist countries in Europe in the early 1990s, the Fund said both external adjustment and growth were impeded by massive structural distortions, and attempting to transfer resources into these countries would be futile, and so structural reforms were at the heart of the economic agenda. (IMF, 02-20-2001). But it is apparent that these reforms will have political implications, it is common course that economic policies and fundamentals are, to a large extent, influenced by political systems – a communist state controls the economy. Is the IMF wittingly or unwittingly tampering with recipients’ political systems? How then did conditionalities affect economic and political life in Africa?

The chapter explored the relationship between aid and conditionality, the distinction between the two forms of conditionality, how conditionalities are said to have been used to influence the political and economic state of recipient countries, the problems emanating from the nature and application of conditionalities, and the IMF and World Bank current stance regarding conditionality and issues of governance. The two forms of conditionality are separate only in theory, creating the potential of the fund to influence matters that fall outside specified conditions. The enforcing of administrative-judicial governance conditionality is apparent. What is not clear is that to enforce political-democratic, the institution withholds funding. The next chapter locates conditionalities precisely in Africa and assesses their socio-political impact on the continent.
Chapter 3

The first section of the chapter assesses the impact (which represents efforts at reform) SAPs have had on the African state, both the economic and political dimensions are considered. A discussion of the impact on the state by recent economic reforms is invariably an assessment of what conditionality have meant for the state and its institutions in Africa. This is because in the last two decades plus years, structural adjustment and stabilisation programmes designed and favoured by the IMF and World Bank have been the principal framework for the effort at reforming African economies. The last part of the first section briefly covers the “counterfactual”: what would have happened without these loans and/or without their attendant conditions. The second section deals with two versions of democracy which are of interest to this part of the discussion. One stresses the strictly liberal elements, that being a limited role for the state in an economy guided by market principles and open to international exchange. The other version stresses the democratic elements such as popular participation, the creation of an autonomous civil society and the accountability of rulers. One popular criticism of conditionality is that it has overemphasised the former version of liberal democracy, thereby creating an economic and social environment inimical to the realisation of the democratic elements in the later version.

Structural adjustment – effects on life and rule in Africa

At the International Policy Dialogue held in Berlin in June 2001, the Deputy Managing Director of the IMF Mr Shigemitsu Sugisaki remarked that conditionality is “....a topic that is at the heart of the IMF’s current work...to streamline and focus its conditionality in order to make it more effective while providing maximum scope for countries' own policy decision making. A key element of the work on conditionality that is now in progress is to consult with those outside the IMF, including policy-makers in countries that receive our financing, both on the existing practice of conditionality and on our current reform plans. We expect this Policy Dialogue to be a useful and constructive part of this consultation process...” (IMF, 06-11-2001, para.1). This is the IMF’s current stance, as significant movement away from its historical position, as will be evident below.
There is now renewed interest in Africa and in the IMF in the role which the African state can play in the quest for a sustainable programme of economic reform (Nepad and IMF quoted below). The interest has mostly centred on the problems and prospects for the resurrection of a project-state that is both democratic and developmentalist. This new interest in the developmental state represents the early beginnings of a shift in the paradigm within which the academic and policy discourse on Africa’s economic future is formulated. Olukoshi (1995) assesses both the economic and political dimensions of the impact of conditionality on the African state, since there exists an irrefutable link between the two. His argument focuses on the impact which the quest for reforming African economies has had on the state, including attempts at reforming state structures. This part of the discussion relies mainly on Olukoshi (1995) which he deals with the effects of conditionality on the state. And the reasons for this is that the argument he articulates encapsulates the crux of what the critics of conditionality say, offers both the historical and political progress of African states, is versatile, has not been rendered irrelevant by time or events, is detailed in its account, and gives particular attention to the state.

In the last twenty plus years, structural adjustment and stabilisation programmes designed and favored by the IMF and World Bank have been the principal framework for the effort to reform African economies. Therefore any discussion of the impact on the state by recent economic reforms is invariably an assessment of what the programmes have meant for the state and its institutions in Africa. At one level programs basically entailed attempts at retrenching the state and replacing its economic interventionist role with market-based mechanisms, and at another level they involved a simultaneous commitment to redressing the imbalances between national/governmental income and expenditure. Olukoshi (1995) argues that the one-sided anti-statism of the structural adjustment years have severely undermined state capacity in Africa, with disastrous consequences not only for the economy but also for the polity and society. He says what remained was an increasingly weakening state with a diminished political legitimacy and social reach that remained a dominant player in the political economy. He argues the case for deliberate steps to be taken to restore state capacity and the public purpose in the economic affairs of the continent. According to him, this can be done within the political framework which is participatory and representative and an economic context that promotes long-term
developmental goals through a creative combination of public and private sector resources, and participation of the people (Olukoshi, 1994, 49-55).

The African state prior IMF and World Bank intervention was heavily interventionist in a market that was underdeveloped as a mechanism for national development. Its interventionist role’s urgent tasks was promotion of rapid economic development, in partnership with transnational state and private capital from the East and West whilst simultaneously taking steps to promote the formation of an indigenous business elite. Not only was national unity seen as central to the attainment of the objective of rapid economic development, the state was also seen as the main actor capable of constituting it. There was increasing centralisation and concentration of political and economic power. And at the time, international environment was largely favourable to state interventionism – the East block and China had centralised planning. More so, many within and outside Africa were inspired by the Soviet Union’s rapid industrialisation under a regime of centralised planning that gave prominence to heavy industry. Also, in the West economy was built on interventionist ideology. The emphasis was on the role the state should play in checking market and promoting social welfare, including the goal of full employment (Olukoshi, 1994, 49-55). This was the era in which public institutions were given a central position in determining the direction and pace of economic change. However, while state interventionism seemed like the way to go, African states were insufficiently equipped to assume this responsibility.

The Gershenkron thesis insists on the inevitability of state interventionism. Citing historical evidence, the thesis attempted to show that late industrialisers would have to accord a more prominent role to the state than those who had industrialised earlier before them. Most African countries did in fact record economic growth levels during the 1960s and early 1970s which by the standards of 1980s and 1990s would be considered good (i.e. modern education, health and welfare facilities beyond anything the colonial state ever achieved). The extension of various social/welfare programmes in the post-colonial period served, in turn, to enhance the legitimacy of the state. The state also attempted to boost domestic consumption, Africanise certain aspects of the economy, encourage self-reliance, and promote import substitution industrialisation project. The nature and dynamics of the “social bargain” tended to reinforce the
interventionist role of the state in the economy and society, and this fitted well in the
goals of nation building (Olukoshi, 1994, 49-55).

In the 1970s however, especially after the first oil shock, African economies began to
experience a process of decline that gradually deepened. The diminishing terms of
trade for much of the continent's exports combined with the rigidity produced by a
static conception of the form and content of state interventionism produced a gradual
slide into crisis. Matters were not helped by the increasing bureaucratisation of the
economic decision-making process and the inter-connection of that process, which led
to a dysfunctional state. Governments resorted to deficit financing on an ever-
increasing scale. Economic growth of the 1960s and 1970s was in fact accompanied
by growing social inequality. There was growing dissatisfaction with quality and
quantity of state's social/welfare programmes, absolute poverty ran rampant,
corruption resulted in open protests and was met with repressive responses. Military
oligarchies and life presidents presiding over economic decline increasingly
concentrated power in the hands of the minority who were already alienated from the
majority of the populace. De facto and de jure political parties backed by military elite
that were in power were presided by self-styled father figures. The intensifying Cold
War during the 1970s fed into and reinforced the authoritarian political structures, as
rival military-ideologies blocs sought to gain maximum political and strategic
advantages for themselves in their struggle for global dominance. By 1979, the time
of the second oil "shock," it was clear that the entire bases of the post-colonial model
of accumulation in Africa was becoming increasingly difficult to sustain. This led to
the direct question of the entire nation-state project. The debt crisis of early 1980s
meant that resources had to be diverted from domestic arena to external institutions in
the form of debt service repayments. Hence the difficulty in payment of salaries to
public sector employees, and the decay in the physical infrastructure. This was the
beginning of the dissolution of entire post-colonial "social bargain", and structural
adjustment programmes was to deliver that final blow (Olukoshi, 1994, 49-55). But it
is possible there may have been other factors not mentioned by Olukoshi (1995)
which also contributed to the dissolution of the "social bargain".

The post-colonial state according to structural adjustment programs was the bases
upon which the Bretton Wood twins analysed economic conditions in Africa. In the
face of deepening crisis of the post-colonial African economy, many critics within the
continent began to raise direct questions about the nature, content, and direction of
state interventionism in the economy. The main issues raised were corruption and
inefficiency, and these were the points that were to be seized upon by the World Bank
and its political economists in the articulation of their criticism of the post-colonial
African state. In Africa, many critics were interested in reforming the principle and
practice of state interventionism in order for the state to play its economic and social
role more effectively rather than reducing or weakening it entirely. But the Bank and
IMF launched a direct and spirited attack on the state with an overt purpose of stifling
it (Olukoshi, 1994, 51-53). Considering the nature and conduct of the affected states,
their exclusion from the control of the economy may have been justified, provided
this was the only option available, and there was no hidden motive.

By the early 1980s when structural adjustment began to make its entry into the
economic crisis management framework of African countries, neo-liberal ideas were
dominant in the leading Group 7 industrialised countries which have an influence in
the affairs of the IMF and the Bank. The Bretton Woods twins altered lending policy
to reflect the priorities of the neo-liberal agenda whose influence was spread even
faster first by the rise to power of Britain, USA and Germany, taking into account the
doctrine of Thatcherism and Reaganomics, and then by the collapse of the Soviet
bloc. All of the former centrally planned economies were in fact to rush into the
adoption of “free” market economic policies. Neo-liberals saw the state as essentially
an obstruction to the smooth functioning of the market forces. So they advocated the
dismantling of the post-war regime of fixed exchange and interest rates as well as the
implementation of a generalised liberalisation of the economy and trading regimes. In
essence, what the neo-liberals pushed for was an idealised state which, other than
governing, played only the most insignificant of roles (Olukoshi, 1994, 51-57).
Although Olukoshi (1995) concedes serious defects in political and economic
governing of African states, he still finds fault in the way in which the structural
adjustment model treated the state and its key agencies and institutions as the primary
obstacle to economic development.

The post-colonial state was involved in mis-allocation of resources, to the benefit of a
small urban minority that was co-opted by a legitimacy-hungry political elite. Since
urban population was well organised and vocal in pressing its demands, the internal terms of trade and overall structure of incentives were weight heavily in favor of the urban areas. Subsidies were devised for the benefit of the urban populace, and so was modern infrastructural facilities, social amenities, and price control that was enforced. The critique of the state, built into structural adjustment model, opposed the public to the private, rural to the urban, the formal to the informal, and agriculture to industry. The Bank and its analysts saw it this way - the post-colonial state depended on patronage networks for its survival and this meant that the thrust of economic policy was directed at buying the support of urban-based groups, for purposes of buying non-interference with the vices of the political elite, who continued to enrich themselves (Olukoshi, 1994,51-57).

For neo-liberals, the economic decline was evidence that state failure was much more costly than market failures, therefore the state itself could not be expected or trusted to take measures aimed at freeing the market and deregulating the economy. So donor institutions were perceived as well-placed to exercise a leverage over the state and to influence its policy options. It was no wonder then that the Bank also concluded that the state was the single key obstacle to the orderly and successful implementation of structural adjustment, given its association with failure. For multilateral donors it was not enough that African states declared themselves prepared to adopt just any type of reform – only structural adjustment programme prescribed and monitored by them would do. And for the program to succeed, it had to be closely monitored, meaning that outsiders would be engaged in day-to-day management of local economies (Olukoshi, 1995, 51-57). However, the argument by Olukoshi (1995) that for the Bank, the IMF and donors, the state was a source of failure for the basic reason that it was a state and the private sector was the only source of assurance for no other reason than that it was private and therefore closer to market processes is questionable. It is not just a state but a “defective state” that failed. Donors, their economic ideology notwithstanding, are supposed to be aware that states can manage vibrant economies.

The aftermath of structural adjustment was the total removal of power from the state and the nation. The application of conditionality was the primary means by which the multilateral donors who designed the adjustment framework sought to ensure that African states adopted and implemented the reform programme. The Bank and IMF
were well-positioned to compel adoption of their favoured policy options, given that donors agreed to do business with governments on the continent only when they have embraced the conditions set by the Bank and could prove that they have met the requirements set by the Fund. Most African governments had no choice but to cave in. This had the following implications for the state: policy makers lost control of key aspects of economic decision-making and implementation; officials of the Bank and IMF or consultants contracted by these institutions were physically located in key economic departments and agencies; governments had to submit themselves regularly to monitoring missions from Washington. Obviously, this meant a complete take-over of the policy terrain by multilateral donors. In most cases increased donor power over Africa’s economic future was not matched by increased donor responsibility, as state officials entered non-transparent policy dialogues feeling like subordinates taking direct instructions on what had to be done by their governments (Olukoshi, 1995, 57-66). Though the meeting of demands of donor conditionality meant that public officials accounted more to the Bank and IMF than to the people, as Olukoshi (1995) says, this was not worse than pre-SAPs since officials were already not accountable. Structures of accountability were already weak.

To compound the problem, public officials spent an increasingly disproportionate time preparing reports, additional time was spent with a variety of evaluating/monitoring missions, thus governments’ effectiveness became further impaired. Invariably, planning on a national scale was adversely affected and morale became depleted among the majority of officials who were not part of the elite that related directly with the donors. While on the other hand the insulation of the managers of the programme from local pressure and influence continued. It was certain that ownership of the program by local officials did not, in the way that it was defined, include the right to alter the bases or even the policy make-up of the inherited adjustment package. It is no surprise then that local ownership failed to take off in any serious manner, this in spite of the then emphasis on capacity building. Insulation led to deepening problems of accountability (Olukoshi, 1994, 57-66). Insulation ran directly in the face of good governance, but it is reasonable to assume that the intended purpose of insulation may have been to contain corruption and instil order.

In countries like Tanzania, Ghana, and Uganda where dependence on donor funds was highest, most activities of significance were linked to the supply of donor
resources. So, with policy performance so closely tied to availability and regularity of supply of donor resources, it is apparent that a new dependency was being created, and this undid some aspects of self-reliance pursued by most African governments at independence. The curtailment of public expenditure reduced the size of public service, resulting in the reduction of administrative capacity, decline in the level of resources allocated to equipment and maintenance, and everything else was under-funded. Poor planning on national scale and discrediting of post-colonial ideology of development without its replacement with a new organising principle resulted in the disorientation of the civil service (Olukoshi, 1994, 57-66).

The privatisation of public enterprises was a key aspect of the adjustment programme agenda of disempowering the state. Privatisation meant that local wealth is sold off, foreign interests were taking over prized national assets very cheaply. This is synonymous with foreign control of national economy. The reliance of privatised enterprises on preferential access to state officials and their patronage meant that they continued to enjoy monopoly advantages in the economy. There was a collapse of public sector real income. As most public sector employees became increasingly unable to support themselves and their families, they engaged several activities to boost their income. Employees used official hours for their private ends, mobilising whatever was left of state resources to their personal advantage. And again the state suffered: morale was adversely affected; efficiency and effectiveness were undermined; corruption increased as employees sought all-manner of avenues to augment their incomes; unofficial levies/taxes were imposed. The legitimacy of the state diminished further as state institutions weakened, and the decline of secular political identities intensified. When the Bank attempted to promote policies aimed at reforming the civil service, civil service unions contested these efforts. The public sector wages remained neglected, as was maintenance of infrastructure (Olukoshi, 1994, 57-66). It seems like corruption is portrayed as a justifiable and the only alternative that was available for survival. However, the damage to the state is apparent.

The assumption by donors that non-government organisations (NGOs) can replace the state was found wanting - NGOs' structures of accountability were weak, the quality of service very poor, the level of institutionalisation very low, and were dominated by
individuals who had their own agendas. The Bank accused African governments of being too bureaucratised, corrupt and closed. So the Bank advocated “good” governance which would mean open and transparent procedures, predictable rules, free flow of information, independent judiciary, free press, and accountability. But adjustment policies were hardly transparent, implementation policies were shrouded in secrecy, and the policy of the market reform was authoritarian (though good governance was conceptualised as democratic governance or popular participation). In summation: many social groups were devastated, the weakened state remained a dominant force in the political economy, and competition for what was left of the state intensified because of its continuing importance to the livelihood prospects and strategies for a variety of individuals and groups (Olukoshi, 1994, 57-66).

It is not necessary to extensively explore what could have happened to African states without these loans or without the attendant conditions. The paper is only concerned with the effects of aid conditions on democracy, and the state is supposed to be the custodian of democracy. Although the effects of aid conditions on the state are clear, the same cannot be said about what could have happened without these conditions, and whether that situation would have had any political effect pertinent to democracy. However, given the governing practices of the time, it is reasonable to assume that these loans could have been directed to other ventures and not to development, and possibly also for self-enrichment. As to the loans themselves, it was apparent that the economy of African states had deteriorated beyond rescue, and taking loans was the only viable option. Though aid conditions had the said destabilizing effects, without loans economies of African states may have possibly sunk further or collapsed, resulting in social unrest which tends to lead to political upheaval.

Human rights

"Nepad has as one of its foundation, the expansion of democratic frontiers and the deepening of the culture of human rights. A democratic Africa will become one of the pillars of world democracy, human rights and tolerance" (Nepad, 2001, p.57).

Any critique dealing with development or economic recovery must look at the total costs, in so far as these can be measured, and not simply allow the dominant ideology to count the few selective aspects which the donors or aid recipients present in their
balance sheets. Human rights considered - no government should be forced to provide development assistance or to receive it; the aid relationship between donor and recipient is an extremely asymmetric power relationship where the recipient is in a perpetual subordinate position; foreign aid, by definition, represents an intervention/interference in the recipient country; in international law, the principle of non-intervention in the internal affairs of another country has been codified and enjoys wide recognition (Stokke, 1995, 3-37). Tandon (2002) says the SAPs’ stringent demand that recipients of aid cut down on budget deficits meant expense reduction on social services such as health, education, adequate housing, essential transport, water, electricity, basic food, and so forth. This is a clear subversion of human rights.

The imposition of conditionality has far-reaching implications that go beyond their established basic principles – it has been argued that they disable the state and ignore the nation, both of which are suppose to be the sit of democracy. A “state” is suppose to encompass an administrative structure, an area of modern government, a framework for most of the critical organizations of modern political life, political parties, labor movements, welfare services, police and military forces and so on. A state is suppose to serve the nation. A “nation” is a group of people who feel emotionally united by such factors as race, language, religion and a shared cultural heritage. The nation-state is “sovereign” because it has complete authority over its own affairs, subordinate or owing allegiance to no other superior power. A citizen has rights and duties to institutions that have nothing to do with traditional groups based on birth and sanctified by religion. She/he can express her/his personality and choice through voluntary membership in a vast range of public and private bodies which flourish within the framework of the state. And she/he shares with her/his fellow citizens a revered national culture, expressed through, among others, a rich and living national language and literature. A deep emotional sense of nationalism is established by this link (Waterlow, 1974, 103 – 124). It is argued that conditionality, by usurping power/control, interferes and breaks that sense of belonging (citizenship) shown by the link illustrated immediately above. It is not only a direct violation of a constitutionally specified right (e.g. freedom of association) that amounts to an affront of a person’s dignity. If person X is deliberately “incapacitated” to either control or influence his/her socio-political life/circumstances without just cause, by any method including breaking the link that forms his/her sense of belonging, that is an attack on
X’s dignity. The link above forms the foundation of a human being’s dignity. The Constitution of the Republic of South Africa (1996) says all persons have inherent dignity which must be respected and protected (Chapter 2 section 10), and no citizen must be deprived of citizenship (Chapter 2 section 20).

Nepad says the striving for democracy includes emancipation of women – “Promoting the role of women in economic and social development by reinforcing their capacity in the domains of education and training, development of revenue-generating activities through facilitating access to credit, and assuring their participation in the political and economic life of African countries” (Nepad, 2001, p.11).

Seabrook (1993) says no institution, including donor countries and international organisations can claim ignorance relative to the subservient role women have been subjected to throughout human history. Therefore, “making visible” means, above all, including the work of women. Women have had to stay underground in terms of sustaining production, they couldn’t enter the market since the market has depended for its operations on their staying outside and on their efforts to keep things going (structural adjustment programs encourage and promote market driven economies). Women have had to lead their life where their contributions are not bought and sold, their invisible work has helped the system to perpetuate itself, they know that no market can be all-embracing, their role is to operate in the areas of exclusion created by the market. They must bear the ever-greater burden of the degradation inflicted on the earth and the people. As the economic activities become deeper and elaborate, women’s healing role increases, but it has to operate in spaces diminished by the spread of market forces. It is therefore necessary to make visible the parallels between the world of nature, of women, and the Third World in the scheme of things - the degradation of all three is a symptom of the uncounted costs which the world must bear as the price of success of the market economy. Seabrook (1993) says until the donors articulate themselves upon the feminist critique, man and woman will be trapped into new subjugation. It would seem as if there is nothing wrong with the creation of wealth through human enterprise in doing things, but beyond a certain point, it becomes destructive and perverse. Human rights are being suppressed in the name of the market, a market which is far from free. The poor are being sacrificed on the altar of market economics. For example, in the case of the Philippines or Peru,
which are/were riddled with crisis and poverty, the first thing was/is always to put the country back into the market economy, with the employment of SAPs (Seabrook, 1993, 221-235).

The character of the debt crisis has changed. In the 1970s, recipient countries were borrowing to finance "development", now they are borrowing to service the debt. The payment of the debt itself leads directly to violation of human rights. Development is a human right, guaranteed by the UN: it is not only the physical right to life but it also translates into adequate shelter, food, education, participation in decision-making. In fact, it is observed and experienced that human rights are violated in the name of "development". Areas that are going to be developed are subjected to the highest degree of control – this is tantamount to development at gunpoint, and it is the most flagrant denial of development and self-determination. Adjustment programs almost invariably suppress human rights. Poland and Venezuela experienced IMF-inspired riots because of economic rectitude placed above human rights. When the IMF come into countries, there are no public hearings, legislatures are ignored, the populace is excluded, the exercise is all deeply anti-democratic and it violates all norms of humanity. Many people have been forced to surrender their own accumulated knowledge and wisdom by the sheer power of development effort. The SAPs' form of development is said to have concentrated power, privilege and wealth in a few hands with the ability to exploit and subjugate the broader masses, and has uprooted vast numbers of people from traditional life and life-styles to become inferior citizens in an "alien environment." There is no problem in agreeing with this critique of development, but that does not mean that the concept "development" should be jettisoned simply because it has been abused. It is an invaluable concept (Seabrook, 1993, 237-249).

What does development mean to people who have not lost their sense of identity and are expressing themselves through authentic collective endeavors? Is it possible to understand how such a sense of identity and collective self-expression could be restored to those who have lost it? The existing orthodoxy gives precedence to economics, and economic growth is tempered by concern for "distributional equity". The human quality of people is considered independent of their economic condition. Sustainability in the lexicon of donors now means sustaining that which "others" say
is of value. This means preserving a form of wealth-creation that diminishes and tears humanity apart by the inequalities it imposes, at the same time it extinguishes civilizations, dignity, self-worth, and self-esteem, and destroys all value, but those that can be measured in monetary terms (Seabrook, 1993, 237-249).

Nepad says “As part of the process of the reconstruction of the identity and self-confidence of the people of Africa, it is necessary that this (initiative) be understood and valued by Africans themselves” (Nepad, 2001, p.57). The form of development the SAPs facilitate does not accommodate this aspiration. Nepad principles seem to suggest that the desire to conserve what is good is not a question of going back to the past, least of all to a mythical one of harmony and stability. It is a question of taking from cultures that have endured precious lessons in self-reliance and sufficiency, and bringing these back to the wasting, threatened continent whose resource-base must sustain all. In contrast, the kind of development the SAPs offer seems to be the kind to which human purposes and values have become the real externalities.

Development by democracy

In his attempt at encapsulating what democracy means within the ambit of development, Sorenson (1995) employs two quotations to illustrate how, according to him, conditionalities have escaped democratic obligations:

Version 1

“meaningful and extensive competition among individuals and organised groups...for all effective positions of government power... an inclusive level of political participation in the selection of leaders and policies, at least through regular and fair elections...and a level of civil and political liberties...” (Diamond et al, 1988, p. xvi).

Version 2

“People’s power...is both social, political and economic, thus not limited to the level of political structure. We may think of people’s power as emerging, when or if people jointly assume control of
their own living situations. The concrete beginnings are local. The extension of people’s power beyond more local levels is, however, inconceivable except in connection with democratisation (Rudebeck, 1988, p.24).

These two versions of democracy are of particular interest at this stage of the discussion. Both appear to convey the same message, but upon closer examination that is not the case. The first version stresses the strictly liberal elements, that being a limited role for the state in an economy guided by market principles and open to international exchange. The second version stresses the democratic elements such as popular participation, the creation of an autonomous civil society and the accountability of rulers. One of the criticisms of conditionality is that it has overemphasised the former version of liberal democracy, thereby creating an economic and social environment inimical to the realisation of the democratic elements in the latter version, this being the version Nepad espouses. Sorenson (1995) further says an editorial in the Codesria Bulletin made a claim to the effect that the policy of liberalization completely undermines Africa’s sovereignty and further strengthens authoritarian regimes that will have to implement an inherently anti-democratic set of socio-economic reforms entailed in the adjustment programs. (Sorenson, 1995, 389-397).

In explaining precisely how democracy is properly infused into development, Sorenson (1995) uses Goulet (1989) where he says:

“When it is self-initiated by grassroots groups, participation aims primarily at improving the group’s own positions....Participation began largely as a defense mechanism against the destruction wrought by elite problem solvers in the name of progress or development. From there it has evolved into preferred form of “do-it-yourself” problem solving in small-scale operations. Now, however, many parties to participation seek entry into larger, more macro, arenas of decision-making. Alternative development strategies centering on goals of equity, job creation, the multiplication of autonomous capacities, and respect for cultural diversity – all these require significant participation in macro arenas. Without it, development
strategies will be simultaneously undemocratic and ineffectual. Without the developmental participation of non-elites, even political democracy will largely be a sham.” [Goulet, 1989: 175n] (p. 400).

Following from Sorenson’s (1995) argument, and contrary to what conditionality assumes, transition to democracy does not guarantee rapid or even slow economic development. The elite-dominated rigid democracies seem to offer little hope of a process of development which can meet the aspirations and needs of the poor majority. Moreover, transitions themselves can lead to instability and breakdown of authority involving worse violation of human rights than before. Conditionality seem to fail to recognise that the promise of democracy is not that of automatic development. Rather it is a creation of a window of opportunity, a political framework where groups struggling for development and human rights have greater potential than before to organise and to press their demands. It is in order to hold that democracy offers opportunities, it does not offer guarantees of success.

The implications of the deductions above for the notion of political conditionality are clear - frail, elite-dominated democracies may be a better political option compared to outright authoritarianism, but there is little reason to expect that such democracies will be able to sustain strong states and institute development. The mere swing away from authoritarianism towards the creation of a thin layer of democracy in terms of multi-party systems and elections will not create the necessary basis for states with more developmental strength. Development and economic recovery is achieved only through long and difficult process of empowering the general population, and creating a more solid basis for democratic rule (Sorenson, 1995, 392 – 409). Is it therefore not politically and economically sensible to give positive assistance directed towards strengthening civil society rather than to impose negative conditionality which are not sufficient to secure the necessary progress towards more consolidated democracies, less dominated by elite or group interests?

The 1998 World Bank Report on policy research concedes that it is not surprising that there have been some spectacular adjustment programme failures. The report says many failures involved investments based on strategic (not developmental) considerations influenced by the Cold War. It then shifts blame, as it continues to
explain that the failures of aid is not simply the result of pursuing non-developmental goals, the report says many of the world's poor live in countries with weak governance and poor policies, so aid agencies work primarily in difficult environments. The argument is that large amounts of money were erroneously channeled into these countries because of wrong assumptions that it would spur development. So conditionalities were proposed, based on the ideology articulated in the following sense - it is possible to assist development in countries with weak institutions and policies, but the focus needs to be on supporting reformers rather than disbursing money. Further, it was decided that donor agencies needed to create internal mechanisms and incentives that foster selectivity, that is, direct large-scale finance on developing countries with "good" policies. (World Bank, 1998, 110-116).

The absence of reference of a role to be played by affected people themselves, either directly or by input, is noteworthy.

The discussion in this chapter showed the transformation of the African states from pre to post colonialism and post IMF/World Bank intervention. It went on to show how conditionality affected political and socio-economic life in African states by dismantling the state; the removal of power from local authority and locating it abroad; the disregard of human rights; the conditionality's neglect of plight of women; a people's amputation of self-worth and dignity; and how different interpretations of or use of democracy (can be) is used to validate or invalidate conditionality's claim to democracy. Effects of conditionality on the state considered, the discussion in the following chapter focuses on the state-market relationship, and assesses the compatibility of SAPs with fundamentals of economic policy.
Chapter 4

The chapter comprises of two parts; the first part draws on diverse practices to illustrate how economic recovery/development and democracy can function productively by establishing a synergy between the state and the market in contrast to what is said to be SAPs’ tendency of weakening the state. The second part explores the fundamentals of economic policy. Since SAPs are put forth as mechanisms designed to bolster economy, their nature and function should be compatible or conform to the fundamentals of economic policy.

The question of state-market relationships

“State capacity-building is a critical aspect of creating conditions for development. The state has a major role to play in promoting economic growth and development, and in the implementation of poverty-reduction programmes” (Nepad, 2001, p.25).

Olukoshi (1994) says those interested in the development analysis and in finding solutions have to question the relationship between the state and the market in the context of development. He says structural adjustment needs to make room for the state to play a role, and the Bank needs to explore ways to maximise state-effectiveness. He also calls for the restoration of a developmentalist state in Africa based on the Asian model or alternatively what is considered as demands of the conjecture. Therefore, there ought to be a comprehensive overhaul of the reform package content. The state and the market should be recognisable as being able to work together. The policy framework should manifest long-term goals, addressing output enhancement, popular welfare, equity among classes and regions. The market should be made accountable and the donors cease to dictate policy but instead work together with the recipient country. He says the Bank and IMF must accept that there is no universal path to development that can be effective to all, at all times, in all places. Rather a case-by-case approach is advisable, with consideration given to local opinion, initiative and capacity (Olukoshi, 1994, 64-68).

The type of state interventionism argued for should be flexible enough to retreat and leave the market arena when not needed, such state having that capacity to recognise
the extent or lack thereof of local capacity in its quest for technological development and new investment. This state's social role ought to focus (among other) mainly on education, health-care, and should offer incentives for public participation in the social sector. It should be a construct of the following principles – accountability; multi-party elections; transparency; popular participation in decision-making. It is argued that if the Bank and IMF demand good governance, then it is expected that they will respect the demands of the democratisation process which requires them to cease the practise of imposition. And these two entities must also be made accountable (and that includes all other donors) and more representative of their members (Olukoshi, 1994, 64-68).

While the triumph of the market economy in the contemporary world is beyond dispute, it is also evident that capitalism, unmoderated by the state-intervention, have disconcerting defects. First, though orthodox economics tells of increasing the size of economic cake and the market theory does mention the following issues, they are not adequately address: the acceptable distribution of economic opportunities or results, the distribution of property rights with which different people should participate in a competitive market, or whether the outcome in terms of relative income will be adequate. These issues fall into a “development programme” and development per se is not the primary object of economic markets. No bases exists to believe that the distribution of income resulting from the free flow of market forces will result or has resulted in acceptable income for all, nor that the common prescriptions such as investing in education and skills, can be relied upon to ensure more equitable societies. However much individual skills is increased, people with the lowest relative skill will have the lowest-paying jobs, and market theory tells is silent about whether the income they derive from those jobs will be adequate or acceptable (Pillay, 2002).

A second deficiency with the free flow of market forces is that such markets are not geared towards provision of public or collective goods, and under-provision of result in true prosperity being less than measured GDP suggests. Provision of these goods and services requires state taxing, spending and regulating. Third, some markets act in such a deficient manner such that they hardly resemble the perfect models of market theory to and extent that they cannot be relied upon even to maximize the size of the cake in relation to, for example, labor markets, housing markets and liquid financial
markets. Fourth, in the market human behaviour is governed by self-interest economic motivations and this have crucial implications for the application of market principles to spheres such as education and health provision. Without state intervention there may be severe under-provision of social services (e.g. health care) particularly for those trapped bellow the middle class and those even lower. Undoubtedly, the market economy is a powerful tool to achieve ends but it cannot reflect the full range of human motivation and aspirations (Pillay, 2002).

Case studies on Botswana, Mauritius, South Africa and Zambia show the pivotal role state-intervention plays in economics. These case studies (below) confirm that free-market economic policies neither lead to growth that benefits all nor effectively address the crucial issues of unemployment, poverty and income inequality. Two features of state intervention in Mauritius' development are prominent. First, the state through an active industrialisation policy championed the evolution of the economy from an agriculture base to manufacturing and then to the development of the services sector. Second, mindful of social development, the state through sensible use of fiscal policy, invested and continues to invest massively in education, health and in a comprehensive social security system. Effective combination of the respective roles of the state and the market resulted in Mauritius achieving consistent economic growth benefiting all its citizens. The GDP per capita increased from US $700 in 1970 to $3600 in 2000, and in the period 1975-1998 its Human Development Index increased from 0.626 to 0.718, the second highest in the SADC region (Pillay, 2002).

In Botswana, in contrast to the active and direct intervention, government opted for a facilitative role in economic development, preferring to rely on free market mechanism to guide economic development. This led to high growth of both GDP and GDP per capita, but also resulted in high levels of poverty, inequality and unemployment. Failure to diversify economic base away from minerals and agriculture is also due to the state's inactivity in the economy, which also led to a general absence of an integrated model of development. After the 1994 transition, South Africa never adopted formal SAPs, but critics say the Growth, Employment and Redistribution Strategy (GEAR) government implemented espouses programmes and targets similar to SAPs. Available data yields that government policies to date have resulted in substantial reductions in the fiscal deficit and in inflation rate, but have yet
to achieve any of the growth or development targets - unemployment levels, poverty and income inequality remain intolerably high in South Africa (Pillay, 2002).

With regard to both economic and social indicators, Zambia, at the end of the 1990s, was one of the worst performers in SADC. Some analysts have opined that though this was due to several factors, the inadequate and inappropriate role of the state in the development process cannot be discounted. Poor planning of the privatisation process resulted in weakened state-influence on industrialisation. The privatisation policy was a product of party-politics and not a national policy. Political and economic leaders saw the privatisation programme as means to personal gain. Many privatised companies subsequently collapsed, and as a consequence, job-loss was inevitable. Moreover, the process was characterised by the absence of consultation with all the relevant stakeholders. The disastrous implementation of the privatisation programme in Zambia highlights the importance of effective state (with good leadership) intervention, and civil society. Investing in building management and implementation capacities of public services is crucial, and Singapore is a good example of this (Pillay, 2002). Evidently, the state has a role to play even in economies undertaking SAPs, because the supervision of markets is essential for promotion of development. But for effective management of the markets, the state needs efficient regulatory and monitoring capacity.

Structural rigidities are said to be one of the impediments to economic growth and development, and the market cannot address the structural rigidities inherent in most economies of poor countries and developing countries. Therefore state intervention is indispensable to the addressing of structural rigidities.

Seabrook (1993), says the elements of an alternative approach must include endogeneity; non-hierarchical relationships; generation of knowledge; relevance to the circumstances of the people; constituted by the affected people; and give precedence to the values and culture of the people themselves. The state constitutes the affected people or their legitimate representatives, and more often than not, what makes a people or nation what it is determines its direction. Seabrook (1993) supports the call for local input by asserting that knowledge is non-transferable, indeed it can be memorized for mechanical application, but learning is always an act of self-search.
and discovery supported by built-in checks and balances through value systems. By this he intimates that affected people are in the best position to know and understand their problems and possible solutions. And all this is what conditionality seems to disregard. Human values are being overtaken and submerged by market values - the very things that need to be checked are seen as a source of value themselves (Seabrook, 1993, 224–235).

The call for sustainable development sounds logical and in order but is very difficult to realize, given that nature cannot remain the same for all generations since all societies, in order to survive, use and change the environment. Sustainability lies in the speed with which any society can correct its mistakes, and it is this expediency that Africa seems to lack. Societies make errors in the use of resources, and those best placed to correct these are those who suffer the consequences (i.e. state), with external assistance. Therefore, if those elements in the society who have vested interest in self-correction must be empowered, the liberalisation of the economy must not be in such a manner that it deprives people or the state control of resources. In their decision to allow market to use those resources, the people themselves will have to live with the consequences and the state must account. It is not for the external entrepreneurs, economists and experts to build the costs into models but the people who, for example, must grow the crops, harvest and cherish the earth (Seabrook, 1993, 224–235). External assistance is necessary but the affected people must be allowed to be active participants in the drafting and application of “rescue plans.”

Seabrook (1993) goes on to argue that there is a need to think of ways of conserving what is of value and of uprooting only that which enslaves. And according to him, what enslaves more than anything is the advance of industrialism and market that knows no limits, that does not stop at the frontier of the material world, but invades and industrializes the people’s deepest needs and profound longings. This is arguably one of the consequences of a weakened or docile state, incapable of protecting its subjects and keeping the market in check. Further, Seabrook (1993) says the call by donors for democracy is always undermined by their lack of faith in applying existing forms of wealth-creation to more benevolent ends. What is in crises now, he says, are the donors’ forms of wealth-creation themselves - the definition of wealth, the instruments by which it is measured and analyzed, as well as its ownership and
distribution. A strong state and democratic state can define wealth, have an input as to how it is measured and distributed. He says systems, like the market, that reduce all the living richness, abundance and diversity of the world to the sterile monoculture of money are the real subverters of human purpose and dignity. (Seabrook, 1993, 247-251).

Wallerstein (1996) advances that the hegemonic power of this period, the United States, made "development" everywhere, for everyone, its official rhetorical objective, and this began ages ago with President Truman's Four Points. At the time, the counter-rhetorical of the U. S. S. R. was that economic development could only be achieved if it was a "socialist development". The former power block stands for an open and liberalized market while the latter espoused centralized control and state-driven economy supposedly geared to the maximum benefit of its citizens. So, most nationalist and national liberation movements embraced the latter school of thought and joined in the chorus, asserting that once victorious, they would be able to develop their countries and their peoples. History shows that this was not to be, not because the state could not function with the market but for other reasons. Today people want and need immediate amelioration and the struggle to achieve this is not only mobilising the discontent masses but it is also disconcerting for the forces of the status quo (i.e. orthodoxy). He says what needs to be remembered are the two lessons than can be drawn from the long history of such struggles. First, these struggles are useful in so far as they improve lives immediately, but they can never be allowed to become ends in themselves because, as soon as they do, they become instruments of self-co-optation. Secondly, because all such struggles are local (i.e. in Africa) and therefore would reflect the hurts of some particular group, it is important to remember that there are many hurts of many groups and therefore, alliances are essential if these struggles are not to become modes of division (Wallerstein, 1996, 353-361). Solid, viable, and legitimate states are the entities that can forge this alliance as they interact with each other within the market parameters. Engaging the market and forging alliances within and without Africa is what Nepad is striving to achieve, in the name of self-reliance and democracy.

In recognition of the need for economic recovery and development initiatives to be locally owned and driven, in March 2001 Mr Kohler and the President of the World
Mr Wolfensohn visited Africa, where they met with 22 heads of state and civil society leaders. They spoke openly about the problems facing Africa. They said they were deeply impressed by a new spirit of leadership and determination, and Africans’ recognition that Africa's future lies in its own hands. They said international community must rise to the challenge of helping Africa in her attempts at breaking the vicious circle of poverty - the need for decisive action could hardly be more urgent, considering that development aid to Africa has fallen from $32 per head in 1990 to $19 in 1998. This is despite evidence of the effectiveness of such assistance in countries with sound economic and social policies. Further, they said African leaders realize that there can be no "business as usual" attitude, and that good governance and a level playing field are essential to set Africa on the path to prosperity. There is new emphasis on bolstering private investment and exports through homegrown policies, good governance and better use of technology and an efficient infrastructure. But the challenges are daunting, and without real help for the reform efforts, further debt relief and external financing, progress will never be realised. They said the rich countries' governments must honor their aid commitments, given that aid is not charity but a vital investment in global peace and security - efforts must be made so Africa does not again fall into a debt trap. This, they concluded, will be possible if international community mobilizes behind African countries willing to work for the benefit of their people (International Herald Tribune, 03-14-2001).

Fundamentals of economic policy
Prioritization of market economies over people-centered and primary-needs driven development (i.e. democracy inclined) contradicts the spirit of the fundamentals of economic policy. Democracy is implicitly intertwined with the fundamentals of economic policy. This will be shown below. Strictly speaking, economic policy is a discipline that studies public economic action. It examines the process through which social preferences are formed (social choices), the choice of institutions and the current decisions of government. More generally, the field of economic policy comprises any discipline that uses the knowledge of economic analysis and other disciplines as a guide of action for any economic agent. What is of paramount importance here is the question that recurs at each of the levels regarding the foundations of a social or collective point of view distinct from individual (or outside) preferences. Economic policy may seek to learn the preferences and/or objectives
actually present in a given society, then identify the preferences that the society should have on the basis of some ethical or political principle regarding the meaning of public interest. Within the utilitarian strand of welfare economics, Pigou in Acocella (1998) identifies the maximization of economic welfare as the key policy objective. National income is an indicator of economic welfare, both in terms of its size and its distribution. The sufficient conditions for increasing economic welfare are an increase in national income that is not accompanied by a worsening of its distribution (the sufficiency condition – benefits to all), and an improvement in the distribution that is not accompanied by a reduction in national income (the equity condition). Rawls (Acocella, 1998) views social justice as fairness, in the sense of offering the same opportunities to all. This emerges as the outcome of a social contract agreed upon by individuals. Even though Nozick argues for a form of procedural justice, the gist of his argument is that he considers situations to be just, as long as the fundamental rights of individuals are/have been respected (Acocella, 1998, 62-69).

The basis of planning lies in the consistent use of different instruments in attaining the desired objectives, not in applying uniform and rigidly structured, imposed policies. The need to search for the values of instruments that simultaneously ensure the achievement of all objectives clearly justifies a centralised solution if government is by the people and conducts itself in accordance to the mandate. However, in practice real world the choice of different policy instruments is often entrusted to different bodies, each of which aims at a specific target (still, government determines all). Alternatively, decentralization of policy responsibility is possible and in principle will produce the same result obtained with centralised policy control, even if obtained by trial and error, if the effectiveness of instruments differ in relation to the various instruments, and if each instrument is assigned to the objective for which it is relatively most effective – and who is in the best position to judge the situation but the locals (Acocella, 1998, 471-478). That international coordination requires each country to adjust its policy instruments to achieve not only its own objectives but also those of the rest of the world should be taken into account. The need for coordination derives from interdependence between economies and the possibility of achieving good results. What then are alternative forms of rule available to champion
development without “harming” the state and/or the nation, and without compromising democracy?

This was an abstract argument advocating a productive relationship between the market and the state, as opposed to SAP’s tendency towards dismantling the state. The argument for centralised (i.e. state-driven) control is supported by the fundamental principles of economic policy. The chapter suggests a holistic development that is not measurable in monetary terms and material accumulation only, but the type of development that gives more consideration to human value and holds people and their values to be central. The part of the chapter discussing the IMF’s visit to Africa in March 2001 shows the IMF’s recognition of the new African determination to develop, and the determination of the people of the continent to rely on themselves. In essence, the chapter argues against the mechanical and seemingly dehumanizing approach of structural adjustment and argues for state intervention, locally-owned initiative, and a people-centered approach. The discussion in the following chapter advances alternative forms of states that can beget the approach argued for.
Chapter 5

The first part of the chapter gives two types of states as an example of a state geared for centrally-control development – the developmental state and the competition state. The type of state argued for is a strong state. Nepad was quoted earlier to show that the programme regards the state as a critical role-player in development. It is therefore argued that a state must be strong in order to execute its “developmental mission”. Furthermore, the examples will show that the type of state argued for is more likely to realize the two Nepad objectives relevant to the paper (economic recovery and establishment of democracy). This is the case because strong states modeled for development also boasts democratic principles where democracy is aspired for. Because of its concentrated and centralized control/power, it is reasonable to assume that the strong state argued for may also be immune to adverse effects SAP’s have on the state. The second part of the chapter illustrates how the above two states understand and implement development.

There exist governments that are frequently taken to be democratic, while they are not: this is due to the general tendency of aligning every form of government that appears to be “good” with democracy. A democratic government is not necessarily an economically efficient government. Rather, the vibrancy of the economy depends on other factors that in most cases have nothing to do with democracy. In addition, the administrative efficiency of a government is not the same as democracy. Democracies are sometimes slow. People might even be less praiseworthy of their democratic government because of administrative inefficiency, as is sometimes the case with South Africa. A state is not to be considered to be democratic because of stability, governability, prosperity, and order. Autocratic governments may possess the will and the capability to produce these conditions by, for example, inducing fear through intimidation thus receiving compliance from citizenry.

Legitimate democratic governments can still evidence some form of turbulence and instability, perhaps because people are beginning to exercise their newly acquired rights and freedoms – for example, their right to disagree with the ruling party, to organise, to criticize leading political figures or government policies and so on. It is
common knowledge that exercising such rights (e.g. strikes) does sometimes affect the economy of the subject state. And does the concept “democracy” appeal to a particular type of people? It would seem that it certainly does not - it can appeal to a mob and it can appeal to the people. This is so since the same individuals constitute both the mob and the people - when their “lower nature” rules, these individuals are a mob, and when their “higher nature” guides, they are the people. A demagogue makes his appeal to a mob, a political leader or a statesman makes his appeal to the people, in the name of democracy. So, what are the bases of correlating economic recovery or development with democracy as opposed to other forms of political systems?

**Developmental state – an alternative**

For the present purpose, a developmental state can be defined in preliminary terms as: a states whose internal policies and external relations have served to concentrate sufficient power, authority, autonomy, competence and capacity at the center to shape, pursue and encourage the achievement of explicit developmental or economic recovery objectives, whether by establishing and promoting the conditions of economic growth, or by organizing it directly, or a varying combination of both (Leftwich, 1996, 276-282).

First and foremost, most if not all developmental states have been led by a determined developmental elite, which have been relatively uncorrupt, at least by comparison with the pervasive corruption archetypal of, say, Haiti, Zaïre (now DRC) under Mabutu, Nigeria under Abacha, and the Philippines under Marcos. The developmental elite have often been associated with founding figures, such as Lee Kwan Yew of Singapore, Sir Seretse Khama of Botswana, General Park Chung Hee of Korea. Often the core policy circle surrounding the leadership has been quite small. For instance, Indonesia with a vast population of 170 million in the 1970s, had a small ruling group of less than a thousand persons in the bureaucratic, technocratic and military elite of the country which responded primarily to the values and interests of all. It is of cardinal importance that the elite be accountable to the populace. Secondly, a shared aspect of all developmental states has been the relative autonomy of the elites and the state institutions that they command. By autonomy is meant that the state has been able to achieve relative independence from the demanding clamor of special interests
(whether class, regional or sectoral) and that it can and does override these interests in the putative national interest. It is important to note that “autonomy” in this sense does not mean isolation from the society, on the contrary, the reality is more like autonomy located where people can access and engage decision making mechanisms.

Thirdly, both the developmental determination of the elite and the relative autonomy of the state have helped to shape very powerful, highly competent bureaucracies with authority to direct and manage the broad shape of economic and social development. MITI, in Japan, might be thought of as the ideal example of this, but in all developmental states comparable institutions may be found, such as the Economic Planning Board in Korea, the Economic Development Board in Singapore and the Ministry of Finance and Development Planning in Botswana (Leftwich, 1996, 279-289).

This consolidation of state power and authority before national or foreign capital has begun to grow in importance and greatly enhanced the capacities of developmental states vis-à-vis private economic interest, whether internal or external. It has enabled these states to have much greater influence in determining the role both foreign and national capital has played in development, and most importantly, it has enabled the state to set the terms. All developmental states have established mechanisms which they have been able to use to channel capital to their developmental purposes. Literature is punctuated with evidence that most developmental states have faired better than many non-developmental states, democratic states included. States geared for development respect human rights and other democratic principles - while Taiwan, Indonesia and China do not boast an impressive record, the others are about average, or better on a global scale, considering that when calculated, the world average is 55%. Interesting enough, some countries like Taiwan for example, with average human rights record still enjoys widespread local support and considerable legitimacy. This is not to say that these states have been without internal opposition. On the contrary, most if not all have experienced persistent and sometimes violent opposition, as in Korea, Indonesia and Thailand. This strange mixture of “repression” and legitimacy is best explained by the manner in which these states have been able to distribute the benefits of rapid growth, at least in terms of schools, roads, health care, public housing and other facilities to an ever increasing population (Leftwich, 1996, 279–289). The absence of external intervention/imposition is noteworthy here. Using the
Human Development Index (HDI) of the United Nations Development Programme as a barometer, it seems most developmental states have done remarkably well. (UNDP, 1992: 2).

**Competition state – an alternative**

A competition state can be understood as either a species of a developmental state (i.e. falls under that umbrella concept) or as a different form of rule independent of the definition of developmental state, though aspiring to the same goals. Although there is no generally agreed definition of the ‘competition state’, broadly it is comprised of two elements. The first is the belief in nation competitiveness as means of generating economic growth and rising standards of living. This is not a novel idea, meaning that there has been an intensification of the theme of national competitiveness during the past two decades. As a result more and more governments are now predominantly concerned with competitiveness. As a consequence of this concern, policy areas traditionally defined as domestic (i.e. never considered in relation to performance of other government departments), such as education, transport, health, taxation, and so forth are now increasingly being viewed and discussed in the context of the national competitiveness debate. National competitiveness has become, in other words, a central ideological canon fodder for far-reaching socio-economic restructuring. Of great importance here is that the manner by which governments execute competitive policies in an integrated economic market has shifted from predominantly demand-side measures to supply-side measures. This means the local people’s capacity, input, and aspirations are now firmly on the agenda. Rather than directly controlling the economy, it is maintained that in an increasingly global market and complex economy, the state is better off providing the conditions for generating growth – let the local voice be heard, unleash the local production’s potential, make its wishes realisable (Palan, 1999, 12-31).

One other important point relates to the broad conception of democracy, which obliges admission that there can be democratic outcomes in the actions of non-democratic regimes. For example, the progressive military junta that took power in Peru in 1968 abandoned the democratic political system. Yet this military government went on to launch more far-reaching measures against poverty and poor living conditions than those that had been seen under the previous democratic government.
Held (1996, 160-176) concur with Sorenson (1995) on this issue in particular. So - which regime is more democratic, the one that upholds a democratic political system serving principally an elite, or the one which abandons democracy for purposes of promoting the struggle for freedom from hunger, disease and poverty? (Sorenson, 1995, 389-397).

Development in practice – according the above proposed states

A developmental state must fulfil four key functions: First, the state must institute a development strategy that benefits the majority of the population. The state must set a strong framework that is enriched with broad, genuine consultation. Developmental state can support development by: (a) fostering a common vision for major sectors with business and labour based on commitments; initiate skills development programmes designed for new sectoral developments; fund sectoral activities or investment using incentives/tax relief; cut the cost of credit; community re-investment rules; institutional changes in the financial sector and prescribed assets; (b) expand markets through government procurement and tariff policies and assist with marketing systems and strategies (the latter is critical for both small and micro enterprise and for exports); (c) assume course to reduce production costs by re-organising work and upgrading management (Pillay, 2002).

Secondly, the developmental state must provide social protection, that is, free services where possible and grants in addition to earned household income, this being a direct attack on poverty. Social protection needs to merge health, education, policing and housing in a manner that economic growth is sustained. This may stimulate the economy by increasing demand and by ensuring a more productive labour force. Absent of state intervention, social protection is alienated entirely from economic considerations - examples, new housing being provided in areas far from employment opportunities, education geared primarily toward a final academic exam and not provision of practical capabilities such as independent thought and critical reasoning.

Third, the state must enhance income-generating opportunities available to the poor by facilitating easy access to both assets and skills. Strategies for improving the distribution of wealth includes land reform; propping up co-ops and micro enterprise; strengthen social capital and public sector; and housing programmes. These must be overtly bound to sectoral development programmes, for instance, the housing and
infrastructural projects should maximise investment and employment. Finally, the developmental state must ascertain that governance and economy is democratised for purposes of challenging the power of existing centres of capital (Pillay, 2002).

Considering Nepad's vision as reflected in its documented principles, Nepad is appealing for the type of economic recovery or development advanced thus: It is important to remember that the patterns and rhythm of growth a region has inherited is also the point of departure for constructing a new economy and society. Consequently, any plans or programs that act outside these historical inheritances and the radical revolutionising zeal of the people, are bound to be frustrated. It is also important not to underestimate just how depressing daily life is for the broad mass of people who are poor and powerless and are always forced to come face to face with the stark contrast between their life styles and those of the minority who make up the rich and powerful (first line of attack). The existence of this inequality is a clear reminder of how easy it has been for social forces of underdevelopment and dependency to reproduce themselves and how, under conditions of negative real growth and declining per capita real incomes, a minority can still prosper. The World Bank utilises growth per capita to assess economic growth or lack thereof - a second line of attack contends that such a formulation of development or assessment ignores the region's internal problems, such as growing unemployment, the worsening distribution of income and wealth and the persistence of poverty. This criticism was particularly marked during the unprecedented rates of increase per capita in some developing countries (Thomas, 1988, 343–349).

Previously and maybe even today, donor institutions and states never ask for whom development is supposed to take place. It is important to recognise early that how development is interpreted, defined and measured goes a long way towards determining what development is pursuing - asking who development is for helps determine the criteria for future development strategies and policies. The task will therefore be to determine and indicate what development means in the relevant context, that is, to the people and their country. In the first instance, and in direct contrast to what prevails (i.e. SAPs), development requires a system of ownership, control and production orientated towards satisfying the basic needs of the masses. The “masses” simply means all those who are poor and who do not have any power in
society derived from property, wealth, religion, caste, expertise or other sources not widely shared, and that also includes political party affiliation. This definition recognizes that, in the past, property relations and production have benefited too few at the expense of too many. The role of the state as argued above is vital here. It must be explicitly stated that redistribution, social equality and participation in political process should be the cornerstone of development in which the concerns of the poor and powerless are central rather than incidental items on an agenda for some other disembodied abstraction, such as for example export competitiveness. In other words, production aimed at providing for the basic needs of the masses, in the first instance, implies a systematic, conscious, deliberate and planned attack on poverty. Eliminating poverty should not be treated merely as a possible or desirable consequence of production, which is what happens when profit is the main determinant of output (Thomas, 1988, 349 – 357). Structural adjustments are overwhelmingly in favor of the market, the primary object of which is generation of profit and not development in toto. Clearly, for a state to bequeath development and the fate of its subjects at the peril of the markets would be an abdication of duty.

There can only be real development or economic recovery if basic needs are satisfied through planned and effective implementation of a process meant to redouble employment prospects. This implies not only that the majority of those who want jobs have them, but that they also have (i) the right to a job without coercion as to place and type of work (specific skills considered); (ii) a framework of industrial relations that permits free collective bargaining and effective (as distinct from nominal) representation within bargaining units; (iii) a work process that allows for effective worker involvement and control; (iv) health protection and guaranteed education and training for the task they are engaged in; and (v) an end to discrimination based on sex, color, ethnicity, age or physical disability (Thomas, 1988, 349 - 357). In most African countries serious lack of employment opportunities and not low wages is the main problem.

The call for democracy by donors to reverse authoritarian tradition is correct, but to link a democratic system per se with economic recovery is unconvincing. Rather, there needs to an understanding and acceptance that material conditions of life should be reproduced within a self-reliant and endogenous pattern of growth. This is in fact
one of the sustainable pattern of growth, given the particular historical formation of underdevelopment (with its resultant pattern of producing what is not consumed locally and consuming what is not produced locally). This view is premised on the need to reverse dependency relations and to situate development in the context of the capacity of the people of all affected regions to develop themselves — Nepad is explicit on the matter as it states, “Africans are appealing neither for entrenchment of dependency or marginal concessions” (Nepad, 2001, p.1). Various forms of cooperation and self-organization, such as the community councils in Jamaica, the sou-sou land societies in Trinidad-Tobago, the agriculture cooperative movement in Dominican Republic and the activities of the Caribbean Conference of Churches should be encouraged and regarded as pillars in the organisation of economic activity. Regional research projects in Guyana, Grenada, Jamaica, Belize, Cuba and Nicaragua yielded results vindicating locally driven initiatives as are more likely to succeed. (Thomas, 1988, 345-367). It is not the responsibility of the market but that of the state which is duty-bound to co-ordinate these activities, in partnership with civil society.

Development also implies that work, politics and social organizations are based on democratizing power in society and on the effective (as opposed to nominal) exercise of fundamental rights, such as those based on freedom of expression and organization, respect of an individual’s privacy. A developmental state and competitive state meet these expectations. The democratisation of power also implies the democratization of all decision-making structures in the society, from the level of the workplace and community right through to central government. It is important to recognize that because of the polarity between the state and private sector, the state would have to play an important part in the development program in the context of a participatory political process in which the ordinary person’s status as a citizen, a producer and consumer of wealth is enhanced. To achieve this, the economic process would have to be based on workers having strong organizational and representational roles in their places of work and in all other means of production (Thomas, 1988, 345-367).

The interpretation of development advanced by Thomas (1988) is intended to subject the functioning of the state, as well as the development of the society as a whole, to what has been aptly termed the “logic of the majority”. As Xavier Gorostiaga succinctly puts it— "...economic and political transformation cannot be carried out for
the majority unless it is part of a project implemented by the majority...the majority must be the subject and not the object of their own history" (Gorostiaga in Thomas, 1988, p.361). Expressed differently, given the authoritarian traditions of colonial and plantation autocracies, alienation is found to a characteristic feature of life for large sections of the population, particularly the poor and powerless. It is therefore imperative to avert reinforcing this alienation by uncritically accepting vague notions of development that seem to be engineered to galvanise people into projects which then substantively marginalize them by turning them into objects of the project. Contrary to popular left orthodox, the formulation presented here neither implies nor requires extensive and unbridled state ownership, nor does it suggest that the process be centrally planned and directed at all costs. Rather, the call is for promotion of development from below, guided by the state. This is how the vision of popular participation in a political democracy is translated into popular and participatory forms of ownership as well in economic policies and activities (Thomas, 1988, 358-369). Tandon (2002) also supports this type of development.

When the IMF consulted with South Africa recently, IMF Executive Directors welcomed the continuing improvement in economic performance and the economy's reduced vulnerability to external shocks; recommended regular revision of labor legislation and decentralization of collective bargaining to facilitate wages-setting autonomy for small and medium-sized enterprises; encouraged public enterprise-restructuring program (i.e. privatisation) on assumption that the exercise will enhance productive efficiency and help attract foreign investment; advised government to ensure that the inflation target for 2002 is met and long-term borrowing costs are lowered further; commended authorities's high-quality economic data production and for subscribing to the Fund's Special Data Dissemination Standard, and advised that labor market statistics be published with shorter lags and more frequently (IMF, 09-05-2001).

Does the occurrence immediately above constitute external intervention detrimental to local democracy? One view would be that what is labeled here as external intervention is in fact praises for a job well-done and a few helpful suggestions and proposals from a source that is more knowledgeable on the issue, and positive spin-offs from the input (i.e. successful economy) will indirectly reinforce democracy.
Another view may hold that democracy is undermined when elected authority, without mandate from electorate, conduct itself in accordance to external influence thus subjecting both the country and subjects to a vulnerable position of losing sovereignty and local control. The present author holds that external input should be welcomed and regarded as essential in so far as it does not disempower, infringe basic human rights and democratic principles, but serves principally local interests.

The chapter sought to advance the form of rule that is anchored on a strong and proactive state that is democratic but essentially geared for development as Nepad envisages, and the form of development that is in line with the principles of the document. Having considered all that the paper proposed to explore, and found that there is indeed tension between conditionality and democracy, and given that both are essential (conditionalities to protect donors, democracy for the good of the continent), the following chapter puts forth two paradigms that endeavor to address the said tension.
Chapter 6

This chapter endeavours to build two paradigms. A paradigm is an idea or a collective of ideas brought together to advance a particular approach or way of seeing or doing things. The objective of a paradigm is to suggest solutions to what is perceived as a problem. The ideas that form a paradigm, when viewed as one whole or individually, should be consistent and not contradict each other. A paradigm is different to dogma and theory. Dogma espouses fixed ideas or principles while a paradigm is accommodative to any rationale provided such is consistent with the goal of finding solution(s) to specified problems. A paradigm differs with theory in that it need not - although it may - offer an explanation of the relations between variables. Unlike a theory or dogma, a paradigm is broader and accommodative to subsequent additions and subtractions without losing its relevance and intended purpose.

Just as much as it was impossible for critics of conditionality to think of the Bretton Woods twins admitting defects inherent in conditionality and resolving to address them, and just as much as the existence of Nepad was to some commentators an impossibility, so is the case with the establishment of democracy in Africa in toto. The first paradigm seeks to explain how "continental democracy" in Africa can be achieved and how it can function. The paradigm does not prophesise that this will happen, rather it suggests that it can happen. The paradigm does not rely on idealism per se, the African Union envisages establishment of the Pan-African Parliament and the African Court. And The Protocol To The African Charter On Human And Peoples' Rights On The Establishment Of An African Court On Human And Peoples' Rights embodies the aspiration. The preamble of the Protocol To The Treaty Establishing The African Economic Community Relating To The Pan-African Parliament states, "Further noting that the establishment of the Pan-Parliament is informed by a vision to provide a common platform for African peoples and their grass-roots organizations to be more involved in discussions and decision-making on the problems and challenges facing the Continent". Article 3 (2) of the Protocol, quoted below, makes specific reference to quest for democracy. Although in its first term the Parliament shall exercise advisory and consultative powers only (Article 11),
the Protocol is explicit in that it will evolve to perform tasks to meet the needs of the Continent (Article 25).

The second paradigm is premised on the IMF-World Bank contemporary stance with regards to conditionality. The paradigm suggests ways on how conditionality can be deployed without undermining democracy. This paradigm is in line with the IMF’s latest stance with regard to conditionality, that it should accommodate the designing and ownership of development projects and programs by recipients of aid. This second paradigm does not offer itself as a set of guiding rules as to how the task at hand can be achieved, but rather it suggests an angle of approach. In the main, the paradigms seek to convey that it is not unreasonable to think that establishment of democracy continent-wide in Africa and deployment of conditionality that is in harmony with democracy is a possibility, difficulties not withstand.

Universal democracy in Africa?
The paradigm suggests a model of political system in which citizens and their states, wherever they are located in the continent, have a voice, input and political representation in continental affairs, with such democratic power based mainly in the democratic polity of each state. The conception of democracy deployed here is one that entails substantive process rather than a set of guiding rules only. For the distinctive feature of democracy is not a particular set of procedure (though important) but the pursuit of democratic values involving the extension of popular participation in the political process and in other decision-making processes. The concept “continental democracy” employed below involves (local) democracy in a state itself and democracy between states (i.e. type of interstate relations).

Can some of the central criteria on which national democracy is based be extended to the continental community? How can the constitutive principles of democracy such as respect for minorities, the independence of judicial power, and the guarantee of fundamental rights also be applied to the continental realm? While for political theory has typically regarded democracy as a form of political system applicable only inside state boundaries, there have been few noteworthy exceptions to this rule. One of them is the tradition of perpetual peace projects and subsequently of legal pacifism. For more than three centuries thinkers within the tradition have sought to create
international institutions capable of acting as arbitrators between states and, in the final analysis, as the foundation of legally based international relations (Benbabio, 1996, 60-64). The most tangible fruit of these proposals has been the establishment of the United Nations, and other such organs. These organs, for example, intervene when cordial interstate relations are strained, encourage respect of human rights of foreigners irrespective of status, and monitor elections. They also facilitate for the awareness of democracy in a region by, among other methods, organising workshops, and providing reading/audio material and other resources. In essence, these organs strive to create conditions conducive to the establishment and/or consolidation of democracy.

It is said one reason why democratic theorists, no less than international theorists, have paid lip service only to the idea of "continental democracy" may lie in the view, at times explicitly stated but often held implicitly, that "continental democracy" can only follow from the achievement of domestic democracy. The argument is that if all states were to become democratic, the ensuing continental "regime" will necessarily be founded on the principles of democracy. Lucid expression of this thesis can be found in the questions - Is a "continental democratic" system possible among solely autocratic states? Is a continental autocratic system possible among democratic states?

A popular view held is founded on the hypotheses that democratic regimes have a tendency to apply the principles that inform their domestic politics to the sphere of foreign affairs as well. However, this does not always occur because states have to function frequently in an autocratic international political environment (Archibugi & Held, 1995, 187-201).

The existence of a "non-aggression pact" among all key domestic groups is a prerequisite for the complex coexistence typical of democratic systems within states. The same principle applies to international society: democracy can inform relations among states if the state manages to regulate the use of force, that is, move from aggression to "harmony". That is, democracy involves institutions and mechanisms that regulate conflict by facilitating consultation, dialogue, participation, legitimate means to disagree, and so on. Furthermore, the capacities of democracies to regulate domestic violence institutionally make them more peaceful than autocracies in their relations with other states. Many recent studies have considered how political
regimes, and democratic systems especially, affect the foreign policy of states. Using quantitative methods, a large body of literature has taken into account the most easily measurable phenomenon of inter-state relations, the occurrence of war. All the wars that have taken place since 1816 have been classified according to the political regime of the states involved. The conclusion of these studies is, historically, democracies have not been more peaceful than autocracies. Not that this empirical result have sufficed to disavow the hypothesis that democracies base their foreign policies on a wholly different type of conduct from autocracies. Rather, the debate has shifted to the subordinate hypothesis that, albeit as belligerent as autocracies, democracies tend not to fight among themselves. Historical and statistical analysis have in fact shown that wars between democracies are extremely rare, and when they do occur, they are a result of extenuating circumstances. Moreover, whenever democracies have banded together against autocracies (two world wars), they have shown no scruples about allying with other autocratic regimes (Lakoff, 1996, 32-41).

To date the debate about democracies' propensity to war has hinged mainly on statistical analyses, few attempts have been made to pursue the complex interpretative problems involved. The most immediate problem posed by empirical data is: if democracies have been able to find non-violent ways of solving their disputes, why have they failed to apply the same procedures in relation to other types of states? The implicit answer from democrats is that wars between democracies and autocracies are caused by the domestic regimes of the latter (debate about the American war against Iraq in 1991 and Afghanistan in 2002 still rages on). The assumption is that if all states were democratic, then the problem of war would disappear or be significantly reduced. And if wars are significantly reduced, this would be a fundamental step towards a more elaborate society of nations which, in turn, would necessarily give rise to a democratic continental system. In short, an awareness that democracies do not fight one another does not relieve of the responsibility to explore other ways of creating democratic relations with other nations with other forms of political systems. In the quest to find what works and what does not, the achievement of democracy in the international community cannot be written off as a matter of domestic politics alone. Democracy has to be sought in the realm of inter-state relations as well (Beck, 1998, 234-249). And "continental democracy" is what Nepad is seeking and hoping African Union can facilitate. Article 3 section (2) of the said Protocol pertinent to
Pan-African Parliament states, "promote the principles of human rights and democracy in Africa."

In engaging "continental democracy" project, the point of departure is the observation that African states are today quite different from one another, and that their diversity is reflected in their custom, cultures and political regimes, including different forms of democracies. In order to defend the idea of continental democratic regime, it is necessary, first, to appreciate the anthropological diversity of political communities. But this appreciation does not suggest uncritical acceptance of the status quo, still less the principle of non-interference in the affairs of other states – a principle that has so often inspired the foreign policies of democracies. The entering of Lesotho by the South African Defence Force in 2000, the purpose of which was to restore law and order and reinstate into power what seemed to be a democratically elected government, will henceforth be the prerogative of the Union.

According to "continental democracy" model, a more democratic form of inter-state organisation can be envisaged despite the diversity of the regimes in Africa, and its mapping can no longer be postponed to an unknown future when all members of the continental community have reached a certain threshold of democracy. This is the case for at least two reasons. First, the concept of "democratising" as a process concerns, though at different levels, all countries. The entrenchment of democracy can start with the most elemental civil and political rights, while more developed democratic systems can be deepened further. Second, an increase in the extent and scope of democracy within states depends on increasing the accountability of the continental order itself. In the absent of continental intervention, democracy will always be restricted, delimited, if not thwarted within nations (Held, 1995, 93-117).

"Continental democracy" aims at a parallel development of democracy both inside the states and among states. This in turn requires the creation of authoritative institutions able to monitor political regimes of states and to influence the domestic affairs of states if necessary. But unlike federal projects, "continental democracy" seeks neither to abolish existing states nor replace their powers with entirely different institutional framework. The African Union can establish and accommodate the necessary institutions and instruments. What is necessary is to discourage the use of coercive
powers deployed against the welfare and safety of citizens; and deject restrictive powers which are deployed to forestall or inhibit collaborative relations among states on pressing trans-national questions. "Continental democracy" institutions must come to coexist with the established powers of states (Archiburi & Held, 1995, 213-219). Article 18 of the Protocol dealing with Pan-African Parliament states that the Parliament shall work in close cooperation with National Parliaments or other deliberative organs of Member States. "Continental democracy" envisages the "limitation" of national sovereignty by direct intervention of democratic organs, or the nascent continental civil society. Article 3 (h) of the Constitutive Act of the African Union bestow power to the Union to intervene in a Member State in critical circumstances (war crimes, genocide and crimes against humanity), pursuant to a decision of the Assembly.

It would not be for the first time that established public power (i.e. national sovereignty) has been limited. Numerous attempts have already been made to deprive states of some of the powers they have centralised and monopolised. The setting up of the United Nations, Organisation of African Unity (now African Union), SADC, Common Wealth, and even more so, the Universal Declaration of Human Rights have sought to guarantee the rights of the world citizens irrespective of nationality. Since then, the UN has passed numerous declarations, and many have subsequently been ratified by the states themselves. But some of these declarations have tended to be rhetorical rather than an expression of commitment to a wide set of positive rights. There may be many reasons why this has happened and amongst these might be the weak desire to enforce human rights, secondly, because citizens have become possessors of such rights without corresponding executive, judicial, and legislative powers. And the remedy for this malady (i.e. ratification of declarations and subsequent failure to comply) is "continental democracy."

If the contradictions within and between African states are to be addressed and turbulence contained, new organisations and institutions will have to be established. This is a mission linked directly to the creation and entrenchment of political bodies which would enable the people of the continent, at different and diverse levels, to express and deliberate upon their aims and objectives in a progressively more interconnected continental order. Such organisations would not draw their authority
from "reasons for war" but rather from "war of reasoning." The object will be to transform African politics from the mode of conflict to the mode of service and co-operation. The Constitutive Act of the African Union, Article 4 states, "Peaceful resolution of conflicts among Member States of the Union through such appropriate means as may be decided upon by the Assembly".

Democratic conditionalities?

Despite the IMF and the World Bank's latest pronouncement relative to conditionality, there are those in Africa and on other parts of the world who, considering the history of these institutions, are still sceptical about their motives and intentions. The nature of the questions posed and the not-so-clear answers tendered in the following event is a good example of the cause of the scepticism: In a videoteleconference held in advance of the Conference of African Heads of State in Libreville, Gabon, the IMF Managing Director Michel Camdessus (retired Feb 14, 2000, succeeded by Horst Kohler) addressed questions from Nigeria, South Africa and Zimbabwe. He said the Fund and the Bank are hopeful because the last few years saw significant positive changes in Africa, and the IMF accepts that debt reduction is a decisive step to development. The journalist in Harare, Zimbabwe, asked why the Fund was pressurizing Zimbabwe to reduce military expenditure while Russia was at the time involved in larger scale war but was subjected to no pressure. Camdessus said there are no double standards, all countries receive equal treatment. Harare then asked the MD to comment on the perception that the UK and USA control the institution. Camdessus dismissed this notion and referred to equal distribution of voting power among member states. But then said it is true that when developed countries join forces in what in IMF is called the G-11 group, they represent an extremely important part of the institution's membership.

Harare said of late, dissenting voices have been heard within the IMF and the World Bank criticising the Bretton twins' approach to the whole concept of development (e.g. the emphasis on the low inflation and free markets) because there is a belief that the state has a vital role to play in guiding the market - was there a likelihood of a paradigm shift within the IMF? Camdessus said the Fund and the Bank is for low inflation, free markets, and both institutions want to help countries to modernise the state and have a smaller, better governments.
A question from Abuja, Nigeria sought to know who initiated the meeting with the African heads of state (IMF or African leaders?), and whether the debt relief program is to be facilitated through financial assistance or through debt cancellation. Mr Camdesus responded thus, “Who has initiated this? Well, it's a dialogue. It happens that the Libreville conference follows on other meetings we had with heads of state of your countries...”. To the second part of the question he said, “During the last 15 years, we have created here an instrument for loans with zero interest rate...to help you address your adjustment and structural problems...in particular with monetary and governance problems...” Abuja then asked how best can a government implement an unpopular policy which is good for the economy but has a very high social cost especially for the poor, Mr Camdesus said measures that are harsh in the short term may be indispensable for the country and will generate normality and later prosperity for the country in the long run. On the question whether there is an agreement among all member nations that constitute IMF for debt relief or reduction, Mr Camdesus said debt reduction across the board will not help the situation, he explained by hypothesising that even if this was done ten years ago nothing would have changed since old debt would have been replaced by new debt (IMF, 12-01-2000).

The interview captures the tone of the people in recipient countries. The interview demonstrates the sceptism with which the intentions of the IMF are often perceived. In one event, different questions from different parts of the continent addressing different aspects were consistent in their show of scepticism. Seemingly, this shows the wide-spread lack of confidence in the composition and the manner in which the IMF conducts business. But the problem seems not to be its composition per se, but rather that some countries unduly influence the policy of the institution. Further, Mr Camdesus was a high-ranking officer of the IMF and when he spoke, he did so in his capacity as the subject of the institution reflecting the policies of the same. The IMF’s “inability” to address pertinent issues/questions feeds into the concern about the intentions behind conditionality. The suggestion is that a candid response was lacking. However it would be unreasonable to argue that the said conditionality effects are inevitable. So how can the adverse consequences of conditionality on democracy be reduced or eliminated?
Emanating from diverse criticism of conditionality is an increasing stress on national uniqueness and distinctiveness. Such uniqueness is the consequence of, among others, socio-economic settlement between social agencies and political institutions operating within national territories. The distinctiveness of such settlements is less the consequence of cultural legacies than of economic and socio-political action. It is this element of uniqueness that international donors seem to have not given sufficient attention and that which the Bretton Woods twins say it is now "topping" their agenda.

The type of conditionality proposed here is the kind that can be compatible with democracy and can be assimilated into the type of development argued for in Chapter 5 above and into the development paradigm deployed below. The idea that the forces of the market can simply brush the entire institutional, cultural, political, social and psychological notions of society aside is not credible. If indeed the Bretton twins and donor countries are genuine in the "development cause", and they consider the state of affairs in underdeveloped countries as a crisis, and that true democracy (people centered) is necessary, then "the people" and/or the free and fairly elected government must be resolutely included in the agenda. For most indigenous peoples, the spirit of "development" is carried around as an integral part of their existence rather than confined to inaccessible offices, detached projects, and on officials answerable to foreign authority. A development tradition as an institution in indigenous life stimulates, motivates, protects, reassures, and in turn delivers knowledge for further advancement in a systemic manner, it has different qualities to those of the written words of a person not subjected to the situation. This means that though external assistance is sometimes necessary, an "external assistant" is not subjective in his/her input and therefore some suggestions/strategies might not assimilate into indigenous life and tradition. And this might lead to stagnation of development. Most importantly, self-reliance empowers and breaks the cycle of dependency. According to history, destruction and transformation of a way of life of a people does not destroy their yearning to develop, colonial machinations have not completely altered the diversity and respect for all life embedded in the cultures of many native nations, so development or economic recovery must take this into cognizance. Understanding and working with the people rather than rejecting or romanticising indigenous knowledge and aspirations will provide a better understanding to donors. Perceiving indigenous
people as subjects that need guidance and supervision is a misguided and odious technique used to transform identities and status of a people. The same technique also tends to maintain or increase dependency, while hindering the understanding of the advantages of placing development in the hands of the people. Despite claims of acting in the name of collective responsibility and for the good of all, donors’ conditionality in its current form and democratic principles are irreconcilable. Undoubtedly, as Nepad confirms, foreign assistance is imperative, but such assistance ought not attach conditions that usurp power and render local democracy docile (Stoneman, 1994, 28-39).

Critics of conditionality are articulating a powerful and growing feeling that economics and the imposed “development” that serves it compel those at the receiving end into unfamiliar forms of “improvement” that impoverishes and disempowers. It is deductible from the discussion that critics of the economic ideology of IMF, the Bank, and donor countries say such ideology is designed to perpetuate privilege and to prolong social injustice. As Nepad proposes, a new dynamic mix of energies that is emerging should be harnessed – an imaginative use of more human resources and a lesser dependency on material ones, and enhanced access to material resources (where it was denied) with less abuse of human energies. (Stoneman 1994, 28-39). The aim of this reconstructed form of development should be sufficiency for all, provide space for human ingenuity and creativity to find answers, and fulfil primary needs. Revised conditionality that accommodates local initiative, facilitates consultation, empowers affected people, and supported by local policies that have been formulated with assistance from foreign expertise, is unlikely to experience local resistance.

What is new about the “new world order” is that for the first time there is an unchallenged authority, the West (though not a single entity), with the financial power to lay down which interventions are acceptable. Tandon (2002) refers to this as an asymmetric globalised system dominated by a few countries. Policies previously regarded as purely a matter of individual countries and not the outside world (e.g. infant-industry protection, subsidies on basic foods, the balance between the state and the private sector, funding policies for education, etc.) are now routinely regarded as subject to influence if not outright determination by the World Bank and the IMF.
Such intervention renders democratically elected officials of the recipient country docile if not powerless. The interventions referred to immediately above also deny recipient countries the right to use the very policies of, for example, import-substituting industrialization, protection, subsidisation and state intervention. These measures are widely accepted to have been instrumental in bringing about the success of late developing countries such as Germany in the past century, and other newly industrialised countries. Stoneman (1994, 28-39) also says the wholesale imposition of structural adjustment is seen as a return to the former colonial relationship, this time taking a multilateral form, but no less disadvantageous to recipient countries. He says it is in this sense that some analysts use the term “re-colonisation” to describe the impact of structural adjustment in the 1980s and early 1990s. As argued above, the contended “re-colonisation” can be undone with genuine re-evaluation and selfless deployment of conditionality which gives African states necessary latitude to institute a program of self-reliance. About the African child in the first paragraph of the introduction, Nepad says “In fulfilling its promise, this agenda hopes to give hope to the emaciated African child that the 21st century is indeed the African century” (Nepad, 2001, p.63).

The chapter endeavored to puts forth two paradigms. One paradigm explains the possibility of expanding the democratic polity within and between states continent-wide. Nepad is explicit about this aspiration, as was shown with specific quotations from the Nepad document in the discussion. This ideal is also carried by stated protocols of the African Union. Examples, protocols, and reasons for the rationality of the paradigm were given. The paradigm suggests: substantive democracy, extension of central criteria on which national democracy is based to the continental community; domestic and foreign policy to facilitate the spread of democracy. The second paradigm is offered pursuant to the Bretton Woods latest stance on conditionality. The paradigm suggests an alternative approach on how conditionality can still be employed as a tool guarding legitimate interests of donors without undermining the democracy of recipient countries. In essence the paradigm proposes conditionality that: allows for development appropriate to specific circumstances; recognises the role of the state in development; fosters humane-centered development as opposed to mechanical; gives room for local input, expertise, initiatives, and promotes self-sufficiency; geared towards need-driven rather than marker driven
development. The first paradigm suggests ways to promote democracy in Africa. The second paradigm suggests how conditionality can be assimilated into development with lesser possibility of undermining democracy, established and aspired for.
Chapter 7

The object of the paper was to assess the validity of the claim that tension exists between conditionality and democracy, and therefore Nepad may find it more difficult to realise its object of establishing democracy continent-wide because conditionality which comes with an aid package tends to interfere with the governing of a recipient country, resulting in the democracy of the recipient country being undermined. The claim is based on well-documented history of effects of conditionality on recipient countries. The discussion yields that although the democracy-conditionality-tension concern is valid, it does not necessarily follow that the potential situation that can undermine democracy in affected countries is an unavoidable consequence. Undoubtedly, foreign assistance to Africa, as stated in Nepad and in the discussion above, is of cardinal importance if the continent is to realise development as envisaged by Nepad, opinions and views only differ in the manner such assistance is given and the possible unintended consequences of such assistance.

On the 14<sup>th</sup> of January 2002, two years after this paper began the interrogation of the said tension, the MD of the IMF at the International Conference on Poverty Reduction Strategies in Washington DC said, “During my first months at this institution, I traveled to developing countries in Africa, Asia, and Latin America, to seek their help in defining the future role of the IMF...they saw a need for changes in the way the IMF does business. They stressed that countries themselves know much more about the problems they face than do international financial institutions...success only if poor countries themselves lead the design of their poverty reduction strategies. In assessing the PRSP approach, we should be aware that there are inherent tensions. For example: We want to promote broad-based participation, but how can we best do this without undermining the role of existing democratic institutions? How do we reconcile country ownership with the priorities and constraints under which donor agencies operate? How can countries and their partners best cope with limited institutional and analytical capacity, to enable implementation to move forward while building national capacities and country ownership?” (IMF, 1-14-2002). As was indicated at the very early stage of this paper, the significance of the meaning of
"ownership" in the context of the discussion is that it is tantamount to "people deciding and doing" for themselves, an unalienable value of democracy.

The paper commenced with an exploration of the origins of Nepad, starting from MAP to New Africa Initiative then finally Nepad. Reference was made to practical steps taken to translate principles into reality thus showing commitment to the project. A broad definition of democracy that included elements found in both procedural and substantive democracy was given. This was followed by a discussion on the state of democracy in Africa then and now, showing strengthening democratic polities in the continent. It was evident that the foundation for Nepad's quest for democracy in Africa has been laid, but challenges still obtain, hence the evaluation of the strength of democracy when faced with adversary. A brief overview of the general state of affairs and current political trends in Africa was offered to set the base of the discussion. To deal with threats of reversals, a "continental democracy" paradigm was advanced towards the end of the paper. The paradigm is not offered as the ultimate faultless solution but rather as one of the angles from which the problem can be approached.

Since Nepad is about the development of Africa and the relevance of conditionality is about its effects in Africa, conditionality was then introduced to the discussion within the context of Africa. The chapter began with a definition and objectives of conditionality, followed by the practical application of conditionality and the current IMF stance (policy) on conditionality. The IMF states unequivocally that conditionality is receiving priority attention from the institution since the institution now believes conditionality must be revisited for purposes of reconstruction. The following chapter went on to show effects of conditionality on the state, the social, the political, and economic life in Africa. Effects of conditionality were mainly evident on the state. The argument is that if the state is dismantled then its highly probable that democracy can be undermined since power/control will lie elsewhere and not where the people, the electorate, intended it to reside, resulting in decisions and action taken absent of mandate. Attention was also given to two version of democracy, one stressing democratic elements such as popular participation, creation of autonomous civil society, accountability of rulers, while the other version stresses strictly liberal elements such as limited role of the state in an economy guided by market principles and open to international exchange. Critics of conditionality say proponents of
conditionality tend to use the latter version in defense of conditionality when the democratic or undemocratic nature of conditionality is evaluated. This tendency preempts any call for substantive democracy. In the same chapter attention was given to human rights, the plight of women, a people's dignity, and how a different interpretation of democracy (can be) is used to understand and implement development. All these issues were dealt with in relation to effects of conditionality on democracy, and it was evident that conditionality in its current form is not in harmony with democracy.

The subsequent chapter took the discussion on the state further by focusing on the state-market relationship. The first part of the chapter explained in detail how synergy between the state and the market functions and why such is necessary. It was argued that the while the SAP's seem to hold that the state can be an impediment to development hence its dismantling, it is possible for the state to engage and work with the market in a productive relationship to the benefit of development and all concerned. To further support the argument for the need of the state and state intervention, the fundamental principles of economic policy were employed as a demonstration that support for centralised control, that being state control, is in line with the general principles of development, since the success of development hinges, amongst other factors, on economic policies. The relevance of this to democracy lies in the truth that an electorate entrust the state to govern in the manner that will benefit citizenry and the country. Furthermore, the dismantling of a state renders elections, a vital institution of democracy, meaningless and valueless. It was also argued that SAP's seem to put more emphasis on markets, programs, and projects, that being development that is measurable in monetary terms and material accumulation, whereas democracy (substantive) holds human value and circumstances of the people sacrosanct.

It also transpired that some nations believe in holistic development, and this cannot be subjected to a measuring instrument. As was indicated in different parts of the discussion and particularly in the quotation in the first paragraph of this chapter, recipient countries believe they are in the best position to understand their problems and possible solutions. So, one of the criticisms of SAP's is that it tends to offer the same solution in distinct circumstances. It was therefore suggested that the use of
more diverse instruments and strategies in different circumstances may be appropriate. Moreover, such measures could be in line with democratic practice since such might involve local inputs from the affected people themselves. In response to this criticism, the briefly discussed the IMF’s stance on the issue of local control/ownership, where the IMF says it recognises the new African determination to develop and rely on herself. This can be interpreted as a shift from the traditional “mechanical” approach and a move towards a more locally-owned initiative and people-centered approach, a move to embrace democracy.

The next chapter dealt with alternative forms of states that can beget the approach argued for. The objective was to advance the form of rule that is anchored on a strong and pro-active state that is democratic and geared for development as Nepad envisages, and the form of development that is in line with the principles of the Nepad document. Owing to the fact that the two Nepad objectives which are relevant here are economic recovery and establishment of democracy in the continent, and that Nepad holds the state as the critical role player, it would therefore be proper for it to advocate a political state that is comprehensively geared for the simultaneous realisation of both objectives while at the same time such states are relatively immune to adverse effects of conditionality (i.e. strong state).

The paper found that there is indeed tension between conditionality and democracy, while both remain essential: conditionality to protect donors, and democracy for the good of the continent. Chapter 6 endeavored to puts forth two paradigms, one dealing with the establishment of a democratic polity continent-wide and the other dealing with democracy-friendly conditionality respectively. As was indicated in the discussion with use of specific quotations from the Nepad document, Nepad seeks to establish democracy in most if not all African states. The first paradigm suggests substantive democracy: the possibility of extending central criteria on which national democracy is based to the continental community; the role of domestic and foreign policy in the spreading out of democracy. Examples, protocols, and reasons for the rationality of the paradigm were offered. The second paradigm espouses an approach that may reduce the tension between democracy and conditionality. It was indicated in the discussion that presently conditionality does not accommodate local initiative and self-reliance, seems to be too mechanical as opposed to being people-centered, does
not recognise the uniqueness of each group affected, and does not enjoy local mandate and support. Revision of conditionality might lead to a reconstructed form of development which might accommodate local inputs/initiatives and foreign expertise. The affected people themselves or their mandated government might be in control of their development. Local democracies and human rights might be respected. Local resistance that beleaguers conditionality might be reduced or eliminated. Flowing from revised conditionality, in sum, could be respect for local democracies, leading to reduction or elimination of tension between conditionality and democracy, which is one of the reasons conditionality is said to be topping the IMF agenda today.
BIBLIOGRAPHY


African Union. Conclusions of the OATUU – ICFTU/AFRO meeting held on the 30th of June to the 2nd of July 2002

African Union. Continental Civil Society Meeting on The AU And Nepad. Submission to the African Union Summit, Durban, 1 – 2 July 2002


Business Day, South Africa, 26 October, 2001


GCIS. Face To Face with the President. Transcript of a programme broadcast by SABC, 22 June 2001:

GCIS. Speech of the OAU Secretary-General on the Opening ceremony of the 74th Ordinary Session of the Council of Ministers, Lusaka 5th July 2001. Dr Salim Ahmed Salim

GCIS. Mbeki: Briefing on Millennium Africa Renaissance Program (MAP) at World Economic Forum meeting in Davos, Switzerland. 28 Jan 2001.

GCIS. Source: Title: Transcription of SABC3 interview with President Mbeki. 19 Jul 2001


International Monetary Fund (IMF). Conditionality in Fund-Supported Programs. Overview Prepared by the Policy Development and Review Department February 20, 2001 IMF

IMF Adopts Guidelines Regarding Governance Issues August 4, 1997.01/03. NEWS BRIEF No. 97/15 International Monetary Fund - Refocusing the IMF, April 2001


IMF. Public Information Notice: IMF Concludes Article IV Consultation with South Africa. Each Public Information Notice contains a background section, a table of selected economic indicators, and an Executive Board assessment. May 09, 2001


New Africa Initiative. www.avmedia.at/nepad/indexgb.html


The Durban Declaration in Tribute to The Organization of African Unity on The Occasion of The Launching of the African Union. www.africa-union.org/en/detail.asp?id=175


Sunday Times, 25 March 2001


The Star, Monday January 29, 2001


