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THE FIRST FEW EXAMPLES OF DEVELOPMENTAL STATES

- *“The first few examples of developmental states were authoritarian. The new ones will have to be democratic, ...”* (Mkandawire 2001: 310)
- *“... every successful developmental state introduces its own innovations in the economic and social organisation of the country and cannot afford to simply live on imitations”.* (Bagchi, 2000: 412)

Backroom to the African Economic Crisis

- 1. Socio-economic crisis**
- 2. Governance Deficit and the
Retrenchment of the African state**
- 3. Reducing development to economic
growth**
- 4. Dichotomizing economic and social
policies**

Background: The African Developmental Transition

5. *Monopolisation of the development agenda by post-colonial rulers*
6. *Minimal but unsustainable progress in the turn of the 21st Century*
 - **increasing growth, democratization, reduction of civil strife*

The Developmental State and Industrial Policy in Africa

- Conceptualising Industrial Policy
- Conceptualising the Devtal State
- Dymstifying the Impossibility Theses of Devtal State in Africa

Industrial Policy and Globalization

- Industrial Policy is summary term for the activities of governments that are intended to develop or retrench various industries in a national economy to maintain global competitiveness" (Chalmers Johnson, (1984) It is therefore the initiation and coordination of the activities of government to leverage upward the productivity and competitiveness of the whole economy and the industries in it. In his view, industrial policy is the attempt by government to move beyond the broad aggregate and environmental concerns of monetary and fiscal policy of the market system. Industrial policy also enables the state to choose between winning and losing industries. It is also recognition that transformation of industrial structure is only poorly accomplished through the market mechanism. Therefore, industrial policy is informed by the fact that changes in industrial structure are enhanced by coordinated government interventions. Implicitly, it means that government is not a passive but rather an active player in shaping the global economy.

COMPONENTS OF INDUSTRIAL POLICY

- **1. Macro Level Industrial Policy:** At the macro level, government through its industrial policy seeks to provide incentives for private savings, investment in research and development, cost-cutting, quality control, enhancement of competitiveness, and improvements of labor-management relations.
- **2. Micro Level Industrial Policy:** At the micro level, through industrial policy government seeks to identify those technologies that will be needed by industry in the medium to long term and to facilitate their development. At the same time, it anticipates those technologies that will decline in importance and to assist in their orderly retreat or support them as a matter of social necessity.

Key to Economic Transformation

- 1. An intelligent and internally coherent government with the **political will** and **administratively capable** to create a **focal point** for economic transformation and mobilise society around its developmental agenda. Nationalistic and Patriotic political leaders.
- 2. **Selective Interventions and Targeting**
- **Industrial Policy is conjunctural**. It conception, content and forms differ from one country to another reflecting each country stage of economic development, the conditions of the international political economy, its natural and historical circumstances and the national political and economic situations.

Three main strands of Definition

1. Ideological disposition of political Elites
2. Emphasis on Institutional/organisational features of the state
3. Ideological and institutional Nexus

- **Developmentalism implies that the state aimed to achieve industrialization through active industrial policy while simultaneously “implementing policies to redistribute income (intended to minimize unequal distribution resulting from industrialization), to promote education, and to achieve other social and political goals” (Murakami, 1992: xxiii).**

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Document 11 - 1992

- “A state is developmental when it establishes as its principles of legitimacy its ability to promote and sustain development, understanding by development the combination of steady high rates of economic growth and structural change in the productive system, both domestically and in its relationship to the international economy”
Castells (1992: 56).

INSTITUTIONAL COOPERATION

- Autonomy
- Embeddedness
- Synergy

- *Autonomy* implies the presence of high degrees of coherent state agencies that are able to formulate and implement developmental goals. Put differently, *autonomy* means the ability of the state to behave as a coherent collective entity and is able to identify and implement its developmental goals.

EMBEDDEDNESS

- Embeddedness is a concrete set of ties with particular social group with which the state considered central to the achievement of its developmental goals.
- This is enable the state and its social partners to share information, build consensus over its policy and ensure their effective implementation

THE STATE AND DEVELOPMENT

- A Devtal State is “one whose ideological underpinning are developmental and one that seriously attempts to *construct and* deploy its administrative and political resources to the task of economic development” (Mkandawire, 2001 *emphasis mine*)

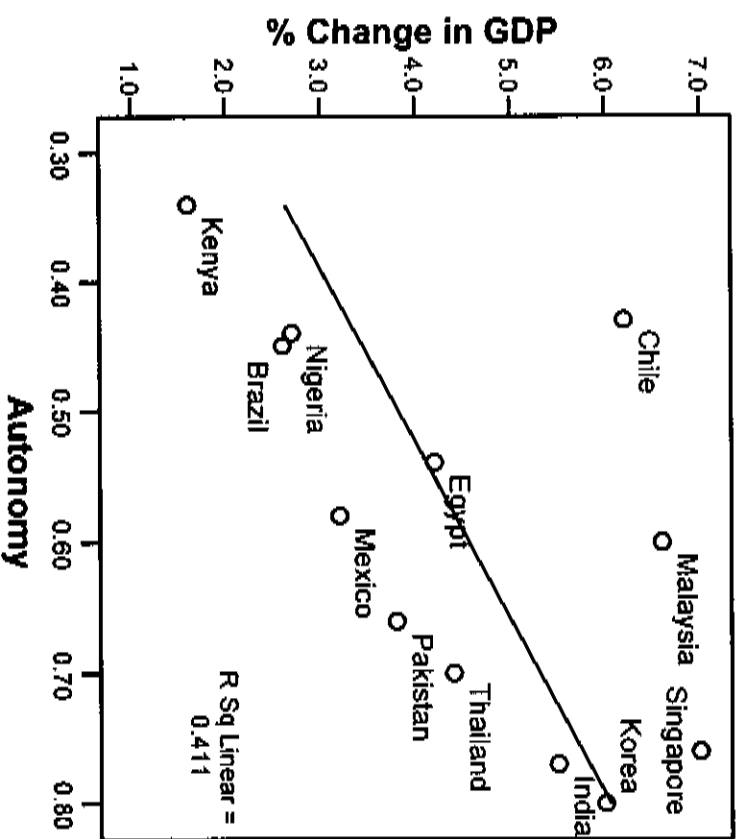
- *Autonomy* implies the presence of high degrees of coherent state agencies that are able to formulate and implement developmental goals. Put differently, *autonomy* means the ability of the state to behave as a coherent collective entity and is able to identify and implement its developmental goals.

- “(a) dependence, (b) lack of development ideology, (c) ‘softness’ of the African state and its proneness to ‘capture’ by special interest groups, (d) lack of technical and analytical capacity, (e) the changed international environment that do not permit protection of industrial policy, and poor records of performance” (Mkandawire, 1986).

Dissertation on the Institutionalisation of Developmentalism in Africa

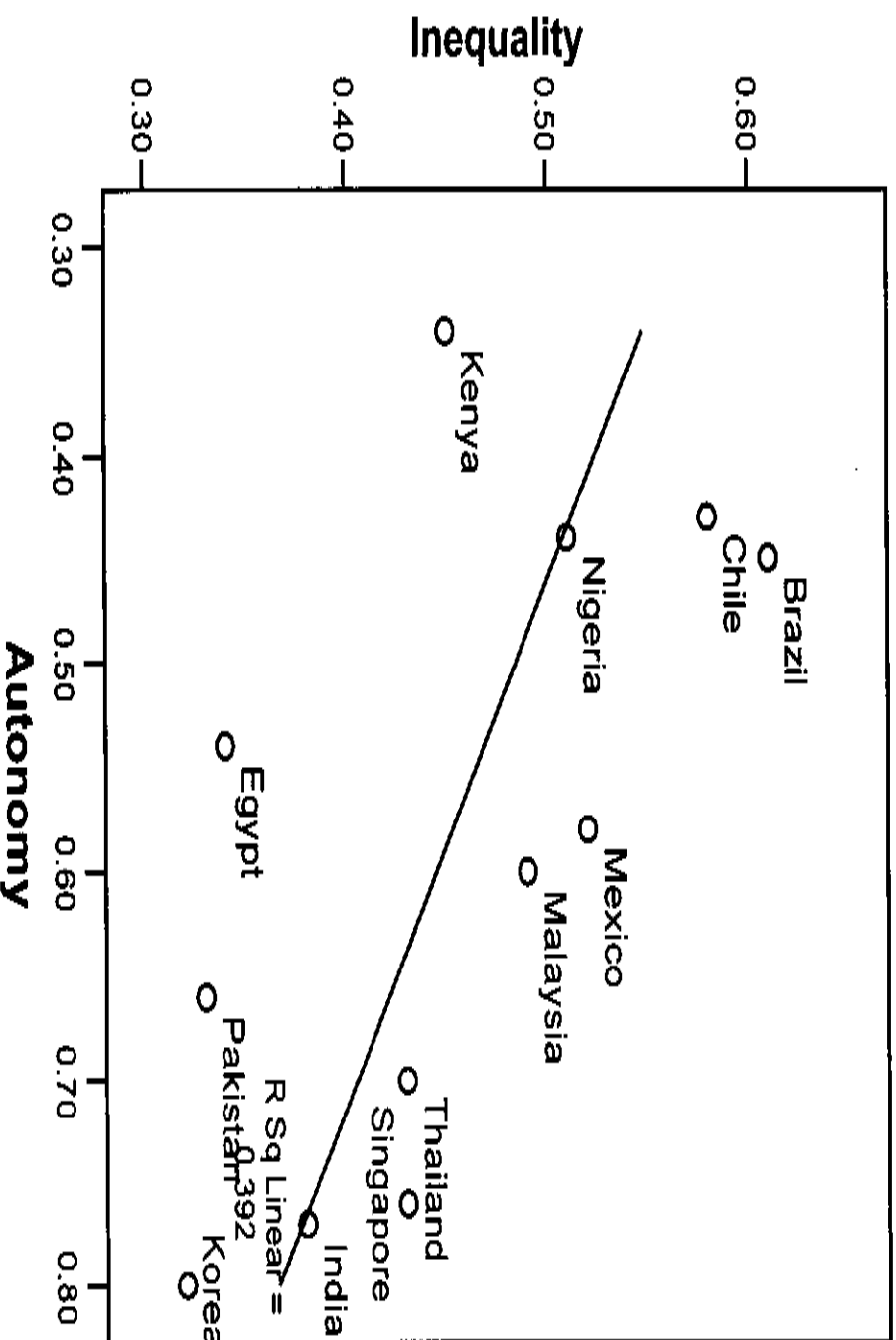
1. Ideological disposition rather than empirically supported – path of neo-liberal attack on the African state
2. Devtal not synonymous with absence of corruption
3. DS Institutions hard won edifices constantly under construction and not God gift from the past
4. First generations of African leaders had developmentalist ideology

Figure 7.1: Autonomy and Growth



State Autonomy and Inequality

Figure 7.2: Autonomy and Inequality



THE ANCHORING OF DEMOCRATIC DEVELOPMENTAL STATES IN AFRICA

1. Institutions Matter in Development
2. Human Capabilities: The Drivers of the Developmental State
3. Human Capabilities: The drivers of Development in the 21st century
4. Anchoring the Democratic Developmental States in Africa on Social Policy
5. Anchoring developmental states in Africa on democratic governance

TOWARDS A REFORM OF DEVELOPMENT

STUDIES IN DEVELOPMENT ECONOMICS AND POLITICAL ECONOMY

5. Maneuvering under Globalisation: Lessons from Asia
6. Increasing the levels of Africa's savings

- *Political Will by the Political Leadership*
- *State Coherent and Autonomy*
- *Clear Definition of powers between the bureaucracy and the politicians.*
- *Mobilisation of business, trade unions and broader civil society*
 - *each of the actors were required to make sacrifices in order to achieve the developmental goals.*
 - *State assistance and incentives need to be tied to performance targets*
 - *highly visible wealth-sharing mechanisms - land reform, free primary education, and free basic health care, and other collective goods including infrastructure*
- *Maneuvering under Globalisation* - Selectively and strategically abide by the policy of the new orthodoxy (as by China and India that while aggressively trying to capture new markets at the same time reserve certain sections of their economies for domestic industries)

THANK YOU