From Integrated Rural Development to Sustainable Livelihoods: What is the Role of Food and Agriculture?

Ruth Haug

1. Introduction
How to assist poor people to enhance their livelihoods in a sustainable way is one of the greatest challenges we are facing in the world today. 1.3 billion of the world’s population are categorised as poor. Although the proportion of poor people in the world is declining, the number of poor individuals is increasing. Almost a billion people are chronically hungry in a world where food is plentiful (FAO, 1996a,b; Bie, 1997; Conway, 1997; CAST, 1998; Lappé, Collins and Rosset, 1998; Boucher, ed., 1999). At the same time, average income per capita has tripled during the last 50 years, and we have 15 per cent more food available per capita today than we had 20 years ago. Globally, the 20 per cent of the world’s people in the highest income countries account for 86 per cent of the total private consumption expenditures – the poorest 20 per cent account for 1.3 per cent (UNDP, 1998). Regardless of the level of accuracy in the statistics provided by international agencies, there is obviously a need to enhance the livelihoods of poor people worldwide.

The main purpose of this article is to review the different paradigms which have dominated the discussions on how to facilitate rural development and livelihood security in the South, viewed from a food and agriculture entry point. The article focuses on food security as one of the important elements of sustainable livelihood approaches, analysing reasons for rural poverty and food insecurity, reviewing the possible impact of the World Food Summit of 1996, and making recommendations regarding future action in relation to political and institutional changes as well as changes in the agricultural research for development agenda. Finally, it suggests different ways in which sustainable
livelihood approaches may contribute more efficiently to rural poverty reduction as compared to efforts in the past.

2. Rural Development and Livelihood Security

During the last 25 years, African policy-makers have been bombarded with often conflicting advice on agricultural and rural development strategy from an increasing array of international development agencies. Delgado (1997) has identified at least nine different dominant agricultural paradigms since the 1960s: Commercialisation via cash-cropping, community development, basic human needs, national self-sufficiency in food, structural adjustment 1 (demand management), structural adjustment 2 (growth with equity), and sustainable development. Each paradigm has had an impact on the direction of agricultural development and contributed to an intellectual heritage. The concept sustainable livelihood approaches (SL) is one of the latest in the development arena, promoted by multilateral and bilateral organisations such as United Nations Development Programme (UNDP) and Department for International Development (DFID). The use of the livelihood concept is by no means new, but the development of a sustainable livelihood framework for analysis and using sustainable livelihoods as a basis for project development is new. The term sustainable livelihoods comprises one of UNDP’s five mandates and is defined as ‘the means, activities, entitlements and assets by which people make a living. Assets, in this particular context, are defined as not only natural/biological (land, water, common-property resources, flora, fauna), but also social (community, family, social networks, participation, empowerment), human (knowledge, creation by skills), and physical (roads, markets, clinics, schools, bridges)’ (UNDP, 1999). Ellis (1999) defines a livelihood similarly as the activities, the assets and the access that jointly determine the living gained by an individual or household. Rural livelihoods can be seen to consist of a range of on-farm and off-farm activities which together provide a variety of procurement strategies for food and cash (Frankenburger, 1995). Food security is regarded as a subset of livelihood security implying that food is just one important component of survival. A livelihood is sustainable when it can cope with and recover from stresses and shocks, maintain or enhance its capabilities and assets while not undermining the resource base (Chambers and Conway, 1992). Environmental entitlements, understood as access to natural resources, are an important element in contributing towards sustainable livelihoods integrating concerns about both poverty and environment (Forsyth and
3. Perceptions of Food Security: How do These Influence Our Thinking of Rural Development and Sustainable Livelihoods?

To make a contribution towards poverty reduction is the main aim of the sustainable livelihood approach. The World Food Summit of 1996 clearly stated that poverty, and not insufficient food production, is the main cause of food insecurity. While it is true that, in the decades to come, global food production must nearly be doubled to be able to feed the projected 9.0–9.5 billion people in year 2050 at a satisfactory level, food security is much more than just a production problem and thus a challenge for much more than only the agricultural sector. Since food security is regarded as a subset of livelihood security it is appropriate to use food insecurity as an example of how thinking in agricultural terms impacts on the sustainable livelihood concept.

There exist several myths regarding food security, some of which are presented below. The stark juxtapositions illustrate the gap in perceptions of the problem as well as the possible solutions (re myths by Lappé, Collins and Rosset, 1982 and 1998; Pretty, 1997; UNDP, 1998; Boucher, ed., 1999). These myths have an effect on the general thinking of rural development and have to be taken into account when sustainable livelihood strategies are developed:

– **There is simply not enough food to feed the world’s population.**
  
  Yes, there is sufficient food produced to feed everybody.

– **There are too many people in the world.**
  
  People are the solution, not the problem.

– **The earth’s carrying capacity has been reached – the population increase in the South must be controlled.**
  
  The richest one-fourth of the world’s population consumes three-fourths of the world’s resources. A child born in the industrial world adds more to consumption and pollution over his or her lifetime than do 30–50 children born in developing countries.

– **We have to choose between environment and food. Low input agriculture is always low output.**
  
  Evidence indicates that sustainable or regenerative agriculture can be highly productive.
Ruth Haug

– The developing countries are not able to produce sufficient food to feed their populations.

There is a huge untapped food production potential in developing countries.

– More food must be produced in the North to improve the food security situation in the South.

Production of food in the North does not solve the problem of lack of access to food in the South. Poor people are hungry because they lack purchasing power, not because food is unavailable on the world market.

– Trade liberalisation will solve the problem of food insecurity.

Market forces alone cannot secure the right to food for poor people.

The different schools of thought are based on different analyses of the causes of food insecurity and, accordingly, prescribe different solutions and development paths towards reaching food security for all people at all times. Malthus’ famous law of 1798, which predicted that food production would not keep up with population increase, still has many supporters (Neo-Malthusians) such as Ehrlich (1971), The Population Bomb; The Club of Rome, Limits to Growth (Meadows et al., 1974); several publications by Worldwatch such as Brown and Hal (1994), Full House – Reassessing the Earth’s Population Carrying Capacity; Brown (1996), Tough Choices – Facing the Challenge of Food Scarcity. The Neo-Malthusians are also known as the environmental pessimists due to their focus on natural resource degradation. Their first priority for solving the hunger problem is population control in the South.

Other schools of thought are the ‘industrial world to the rescue’ school, advocating increased production in the North, as well as external inputs and free trade; the new modernists’ school, advocating a new green revolution based on increased use of fertiliser, pesticides and biotechnology; and the sustainable intensification school which argues that substantial growth is possible in currently unimproved or degraded areas while at the same time protecting or even regenerating natural resources (re McCalla, 1994; Pretty, 1995 and 1997; Scherr, 1997). The sustainable intensification school may be regarded as a subset of the sustainable livelihood approach and hence, the most relevant school on the development arena of today. Apparently, there is a continuum from environmental pessimists via sustainable/regen-
From Integrated Rural Development to Sustainable Livelihoods

From integrated rural development to technology optimists (new modernists) and the ‘industrial world to the rescue’ with a lot of overlap between the different schools of thought. These different schools kind of joined forces in the World Food Summit of 1996. The summit established a theoretical platform as well as an action plan which have contributed towards the development of sustainable livelihood approaches in recent years.


Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active, healthy life (FAO, 1996b:7).

There exist more than 200 different definitions of food security (Maxwell, 1996b). The first definition emphasised availability at all times of adequate world supplies of basic food-stuffs … to sustain a steady expansion of food consumption … and to offset fluctuations in production and prices (UN, 1975). Over the years, the emphasis in the different definitions has changed as well as food security thinking: from the global and national to household and individual; from a ‘food first’ perspective to a livelihood perspective; and from objective indicators to subjective perceptions (Maxwell, 1996a). In November 1996, food security was put prominently, but briefly on the world’s agenda. We might now ask and so what? What has happened after the World Food Summit in 1996? Hungry people can eat neither sheets of paper nor good intentions and promises. What will it take to secure appropriate and effective action to provide food security for all? Will we have another World Food Summit 20–25 years ahead acknowledging that the objectives of the Rome Declaration were not met, similar to the promises of the Food Summit of 1974? The World Food Summit in 1974 promised that all hunger would be eradicated within the next ten years. 25 years later, at the World Food Summit in 1996, the heads of states and governments were a bit more careful in their promises. The new agreed aim is to reduce the number of undernourished people from 800 million in 1996 to 400 million by the year 2015. Many people ask whether this is an ethically acceptable aim. Dr Fidel Castro Ruz stressed the daily hunger tragedy and the lack of global responsibility in his speech at the World Food Summit:

185
Hunger is the inseparable companion of the poor, is the offspring of the unequal distribution of the wealth and the injustice of the world. 35,000 people, half of them children, are starving to death every day. If the world is rightly moved by accidents and natural or social catastrophes that bring death to hundreds or thousands of people, why is it not equally moved by that genocide which is taking place every day in front of our eyes?

The Rome Declaration on World Food Security clearly states that poverty is a major cause of food insecurity. Steady increases in world per capita food production have not contributed significantly to a reduction in the number of malnourished people in the world. The concept of food security was introduced in the seventies to illustrate more convincingly that production increase alone is not a sufficient condition for reducing the number of malnourished people in the world. Poor and hungry people need to have stable access to the food being produced and the production and access must be based upon sustainable systems (McCalla, 1994; IFPRI, 1995; FAO, 1996a; World Bank, 1997a). Food security is a question of equity, distribution, power and politics as well as of food production.

The World Food Summit, in addition to the Rome Declaration which included an action plan with seven commitments, also provided a great number of excellent, high quality technical background papers highlighting different aspects of agricultural production and food security. Global food supply and demand have been, and still are, the subject of countless sophisticated analyses that often fail to incorporate the human sufferings of those whose right to food is denied (CAST, 1998). The right to food was declared a basic human right in the UN declaration of 1948 stating that everyone has the right to a standard of living adequate for health and well-being of himself and of his family, including food, clothing, housing and medical care. The right to food was an important issue during the preparatory negotiations prior to the World Food Summit in 1996. At one point, this right to food was almost deleted, but many people felt that would have been a step in the wrong direction, weakening the UN declaration of 1948. The right to food remained, but the US introduced a reservation on the issue.

Views differ on what was really achieved by organising the World Food Summit of 1996 as well as regarding the content in the declaration and its seven commitments. Most people will agree that there was a very positive effect (awareness, knowledge, commitment) of putting hunger and malnutrition on the global agenda for a week or more. The
process itself, the preparations, the negotiations, the bringing together of officials and politicians representing different countries, the NGO fora etc. all contributed positively to promoting the overall aim of a food secure world.

Regarding the conceptual content in the declaration and in the commitments, the WFS 1996 moved away from previously stressing population control and increased food production to emphasising eradicating poverty and inequality (Conway, 1997). The main message was and still is that there is enough food for everybody in this world and that the productive capacities should be sufficient to feed mankind also in the future assuming that the necessary resources are provided for research and development in both high and low potential areas.

On the negative side, in relation to the whole issue of UN summits, it has been argued that summits are too costly and that too many are conducted too often to maintain momentum. Conceptually, it is argued that the World Food Summit documents lack the kind of analysis that might promote an understanding of why we have a global food system which continues to produce enough food every year to feed everyone on the planet, but leaves 840 million people without access to the food they need (McLaughlin, 1996). Accordingly, the documents lack commitment and the sense of willingness to implement changes which might impact on the North as well as on elites in the South (Development, 1996). Sen (1996), in his comments to the World Food Summit, stressed that food security is not only a matter of food and agriculture, and not only of technical and resource-related issues of food production, but also a question of broader economic factors bearing upon the entitlements of the poor. The seven commitments in the WFS action plan resemble a wish list without the power to initiate necessary changes (Lang, 1996). Another weakness is that food security is being discussed without addressing the consequences of WTO agreements on access, stability and availability of food (Development, 1996; Haug and Øygard, 1999).

What has been achieved by the summit? The World Food Summit declaration signed by most of the countries in the world states that ‘we pledge our political will and our common and national commitment to achieving food security for all and to an ongoing effort to eradicate hunger in all countries with an immediate view of reducing the number of undernourished people to half their present level no later than 2015’ (FAO, 1996b:1). However, promises given in international settings appear to indicate what governments think should be done and not really what they are willing to do (Fowler, 1997). Henri Carselade, Assistant Director General of FAO, stated at an international meeting
in October 1999, that there is a need for a yearly average decrease of 20 million undernourished people to reach the quantitative goal set in the World Food Summit Action Plan and that at present the decrease is only at a level of 8 million a year (International Centers’ Week, Consultative Group on International Agricultural Research (CGIAR), 25–29 October 1999). How can we initiate mechanisms that ensure the implementation and follow-up of international conventions and action plans? According to Hoehn (1998), hunger will not end until poor people are empowered to participate meaningfully in political and economic processes. This view corresponds with Sen’s famous statement that there has never been serious famine in a country with a democratic government and a free press.

5. Rural Poverty

The most important challenge for the world today is to reduce the number of poor people worldwide. According to statistics (which might not be exact, but still provide a good indication of the problem), approximately 1.3 billion or 20 per cent of the world’s population live in poverty. In sub-Saharan Africa close to half of the population falls below the poverty line (FAO, 1996a; World Bank, 1997b). It is important to determine where the poor people are, who they are and why they are poor. Of nearly one billion poor identified in 58 poverty profiles completed by the World Bank, 72 per cent live in rural areas and rural poverty appears more severe than urban poverty. Access to basic human needs such as education, potable water, health care and sanitation are far less available in rural areas. The problems of malnutrition, low life expectancy and high infant mortality are also more severe in rural areas (World Bank, 1997b).

Poverty literature up to recently has to a large degree been discussing how to define and measure poverty as well as questioning different definitions and measurement approaches. Most of the definitions and measurements indicators involve lack of sufficient money or material possessions such as income/monetary variables and consumption (for instance the international poverty line of US$ 1 per day). Non-monetary variables such as capabilities, self-esteem, views expressed by the poor people themselves, for instance on well-being, are mostly not included (Maxwell, 1999). One debate concerns whether poverty should be defined in absolute or relative terms. One dollar a day is an example of absolute poverty while an alternative has been to define poverty as relative deprivation including, for instance, exclusion from participating in society (Maxwell, 1999). Drezé and Sen (1995) define
poverty as a matter of deprivation and as a process that needs to be related to people’s vulnerability to capability failures within given political economies. Another discussion is on snapshot or timeline measurement to capture, for instance, movement in and out of poverty.

Baulch defines poverty as follows:

Poverty is a concept which indicates absolute or relative welfare deprivation. It may be defined in terms of private consumption alone, or extended to include access to common property resources and state-provided commodities, personal assets or wealth, an even subjective assessments of dignity and autonomy (Baulch, 1996:2).

A whole range of indicators can be used to measure poverty; different indicators have different and complementary uses, for instance head-counts in relation to a poverty line to target social action programmes or UNDP’s human development index. DAC uses a set of five poverty indicators to get an understanding of the poverty situation:

- incidence of extreme poverty
- one dollar a day
- poverty gap ratio (depth of poverty)
- inequality (poorest fifth’s share of consumption)
- child malnutrition.

Maxwell (1999) stresses that how we define and categorise poverty and what indicators we choose to use will very much influence our thinking on poverty. He identifies nine terms used to describe poverty: income, human development, social exclusion, ill-being, lack of capability and functioning, vulnerability, livelihood unsustainability, lack of basic needs, relative deprivation.

6. Causes of Poverty

Above we have discussed definitions and measurements of poverty, realising that measuring poverty is not the same as understanding why it occurs. In order to recommend actions to reduce poverty it is of crucial importance to realise that interventions need to tackle causes not symptoms (Maxwell, 1999). How do we deal with the causes of poverty? If we review the development discourses we have had chronologically, in the sixties the main focus was on income and growth,
until McNamara’s famous speech came in 1973 emphasising redistribution with growth. The basic needs approach then followed, broadening the concept of income poverty. In the 1980s, Chambers’s work on powerlessness, vulnerability, coping strategies; Sen’s entitlements; and gender were important. In the 1990s, the UNDP introduced the denial of opportunities and choices (inspired by Sen); then came the emphasis on how poor people themselves view their own situation, exclusion and multiple deprivation (Maxwell, 1999).

Amartya Sen’s entitlement approach has indeed contributed to both increased understanding of the causes of poverty as well as providing an analytic framework of analysis. The entitlement approach was originally designed by Sen in the mid and late seventies and stresses the importance of the incidence of poverty in explaining why certain people are undernourished and starving. Sen showed that failures in food entitlements or lack of access cause food insecurity; hunger is linked with poverty and not necessarily with a decline in food supply. Sen has been criticised for being too concerned about the demand side (access) at the expense of food supply. He has also been criticised for treating famine victims as passive asset-less persons, not recognising that household members are active in pursuing different coping strategies, and for not recognising the importance of social disruptions, wars and violence in relation to hunger (de Waal, 1990). Von Braun is another important contributor to the understanding of hunger and poverty, assessing interactions between policy failure, population growth, resource poverty and disasters at four levels of analysis ranging from economic strategy and policy at the macro level to the bottom layer of actual income and consumption failure at the micro level (including the role of coping strategies). Regarding causes of food insecurity and hunger, Braun, Teklu and Webb (1998) claim that policy, institutional and organisational failures are the most important root causes of famines today and much more important than production and market failures. However, there seems to be no overarching theory or explanation applicable to all situations whether derived from modernisation, dependency or neo-liberal perspectives (Maxwell, 1999). Below, a whole range of factors at different levels affecting the food security situation are listed (Haug, 1997). The importance of the different factors will vary from case to case. Situation specificity is of crucial importance when seeking to understand causes of poverty and food insecurity and, accordingly, when it comes to strategy development.

Global level:

– Political structures, power relations, market mechanisms,
From Integrated Rural Development to Sustainable Livelihoods

- Macro politics/political economy and policies,
- International trade; that is, raw material prices, GATT/WTO, the structure of the international grain market,
- The debt situation for countries in the South,
- Food aid and agricultural assistance,
- War and conflict situations.

Regional/national level:
- Political structures and power relations,
- Agricultural policies (urban biases, commercial farm bias, lack of incentives for production by small farmers),
- Terms of trade for national export products relative to imported products,
- Environmental policies (emphasis on conservation rather than sustainable use),
- Inequities regarding property rights,
- Population growth and population pressure,
- Degradation of natural resources, droughts, floods and other types of natural calamities,
- War, political, religious or ethnic conflicts,
- Lack of local participation, low status of women in society.

Local/household/individual level:
- Lack of purchasing power, lack of access to income-generating activities or employment opportunities,
- Lack of access to productive resources such as land, water, pasture, forest, biodiversity (for instance importance of property rights),
- Lack of labour to perform agricultural activities,
- Lack of inputs and lack of capital/credit to purchase inputs,
- Lack of access to markets, lack of institutions for marketing and input distribution,
- Degradation of natural resources, natural disasters (drought, flood),
- Low status of women in society as well as of minority groups (religious, ethnic),
- Inter-household relations,
- Lack of opportunities for human resources development (education, extension and training),
- Health limitations (AIDS, malaria, parasites, etc.).

Sustainable livelihood approaches are in many ways similar to inte-
grated rural development (IRD), for instance regarding complexity and integration of different sectors and disciplines. The question has also been raised to what degree livelihood approaches are IRD with a new and more fashionable name (Carney, 1999). However, livelihood approaches provide a new way of analysing and understanding people’s way of life by combining already well-known tools and methods in a new framework for analysis. Sustainable livelihoods also focus more strongly on participatory policy-making than IRD did. The concept also translates local realities into a usable framework for policy formulation and links multiple occupations by rural poor to rural poverty reduction policies and programming (Ellis, 1998; UNDP, 1999; Carney, 1999). In this way, sustainable livelihoods bring together the thinking and practice of poverty reduction strategies, sustainable development, participation and empowerment into a framework for policy analysis and programming (Hoon, Singh and Wanmali, 1997). The sustainable livelihoods framework includes: human capital (education, skills and health of household members), physical capital (for instance farm equipment or a sewing machine), social capital (the social network and associations to which people belong), financial capital and its substitutes (savings, credit, cattle, and natural capital (the natural resource base) (Ellis, 1998). Scoones (1998) outlines a framework for analysis of sustainable rural livelihoods including five main steps: (a) Contextual analysis of conditions and trends and assessment of policy setting; (b) analysis of livelihood resources; trade-offs, combinations, sequences and trends; (c) analysis of institutional/organisational influences on access to livelihood resources and composition of livelihood strategy portfolio; (d) analysis of livelihood strategy portfolios and pathways; and (e) analysis of outcomes and trade-offs. In this way, sustainable livelihood approaches should be regarded as a way of bringing together different perspectives on poverty, integrating different sectors, making the choices explicit, identifying underlying constraints to improved livelihoods, linking micro-level understanding of poverty to policy and institutional change processes (Farrington et al., 1999).

7. The Role of Public Agricultural Research for Development in Securing Sustainable Livelihoods

Achieving food security today is not so much a matter of increasing total levels of production, but rather of ensuring that individuals secure entitlements to food. If distribution is the problem, then redistribution is the answer.
What role can public agricultural research for development play regarding improvements in the livelihood security situation of rural poor? The priority goal of international public agricultural research for development is to reduce poverty and food insecurity as well as to integrate environmental concerns in the research agenda. The challenge is how to do this within the current financial constraints and the problematic area of prioritisation. A poverty focus could be more sharply defined by emphasising research challenges for the most persistent aspects of poverty. These require new research approaches and are understudied by other actors in the global research system (Scherr and Haug, 1999). To what degree do we need a new green revolution to reach the rural poor? Is it possible to provide food security for all by providing better technologies? What is the relationship between increased production and improved food security? How can we make sure that a new green revolution will reach poor people in marginal lands? At present, there are convincing arguments that a new green revolution is needed, a green revolution which is fundamentally different from the one we experienced in the sixties and seventies. Conway (1997) argues for a doubly green revolution. UNDP (1998) also asks for a second green revolution aimed at poor people in fragile ecological zones. Bie (1997) stresses the need for an evergreen revolution where the technologies (for instance varieties) are adapted to the environment and not the other way around (for instance drought tolerance, tolerance towards acidity, ability to do well in low fertility soils etc.). The supporters of sustainable intensification and the so-called new modernists or technology optimists might agree on several elements of a new green revolution. The so-called new, second, ever or doubly green revolution is supposed to correct the shortcomings of the first green revolution regarding environmental concerns and impacts on poor people. Whether it is possible still remains to be seen, but it should be worth the effort to try. Food security is about people as much as it is about commodities. How can agricultural commodity researchers with food security as their aim orient their efforts towards food security for the people and not only as a commodity issue? This is not the responsibility of agricultural researchers alone, but of all actors in the agricultural technology development system.

The first green revolution contributed to more than doubling the average yield of rice, wheat and maize over the past 20 years. Unfortunately, this did not affect poor people in marginal lands (UNDP, 1998). In Africa the situation has been rather depressing, illustrated by
Ruth Haug
the decline in per capita food production for the last three decades. The challenge in Africa is both to increase food production and raise incomes in rural areas. 70 per cent of people in sub-Saharan Africa live in rural areas. According to CAST (1998), agriculture accounts for 30 per cent of gross domestic product (GDP), 40 per cent of all exports and 70 per cent of employment. In Africa, far more than in any other region a prosperous agriculture could be the engine for economic growth. However, it is expected that Africa will continue to be a net food importer long into the 21st century (CAST, 1998; Pinstrup-Andersen et al., 1999). The gap between production (supply) and people’s needs (demand) is increasing (Pinstrup-Andersen et al., 1999). There are many reasons for this unfortunate situation within agriculture in Africa. The so-called anti-rural bias contributes to the present unfavourable conditions for agriculture in many African countries. For various reasons, it is not currently profitable for farmers to produce food or to adopt improved technology in many parts of Africa. At the time of the first green revolution, inputs were cheap and grain prices acceptable. The trends during the last two decades have been increasing prices of inputs and decreasing prices of grains. At present, distress sale is often the case. This was not a feature of the original green revolution. Today, regenerative or organic farming is a way out of the debt trap. The price of inputs is too high compared with the price of agricultural produce, implying that farmers might be worse off after having purchased inputs on credit and selling the crops. It is argued that sustainable intensification based on regenerative and low-external-input agriculture can be one highly productive solution to this problem (Pretty, 1997).
Several people question the call for a new green revolution and consider it to be an attempt at moving attention away from the really important constraints which are preventing food security for all. It is of course difficult through agricultural research to solve problems that are not related to agricultural technology. Germplasm enhancement or improved management methods do not provide solutions to rural people’ lack of access to production resources such as labour, land, water, pasture, forestry, seed, capital etc. However, we might expect that production increases credited to agricultural research will have indirect positive effects on the poor, for instance by creating employment opportunities. We might also expect that improved varieties of crops, important for poor people and adapted to local conditions, such as non-hybrid varieties with high tolerance towards acid and low fertility soil as well as drought, might mean a difference for the majority of rural people in many developing countries. We might also expect
that improved management approaches such as Integrated Pest Management (IPM) and Integrated Plant Nutrient Management (IPNM) appropriate for small farmers in the South would have an impact on improving the food security situation for poor people. However, a new green revolution will not be successful unless the necessary political and institutional changes take place. Important key words in this regard are redistribution, democratisation, decentralisation, local control, participation, equity (for instance women’s role and rights), empowerment, property rights, trade, access to markets, infrastructure and education. Another element in the new green revolution is the application of biotechnology. This technology includes genetic engineering, which is rather controversial in many European countries because of the risk involved (for instance regarding biosafety). Up to now, there is no evidence that genetic engineering will mean a great difference for poor and hungry people in the South. Most of the agricultural research involving biotechnology is oriented towards industrial agriculture in the North and involves intellectual property rights (such as patenting). At present, biotechnology gets more attention for the problems it might cause than for the problems it might solve.

A new green revolution should not, as did the first green revolution, regard technology as a neutral tool in a development process. A new green revolution needs to be based upon an analysis of identifying the poor, and of why they are poor. The objectives of such an analysis should indicate what might be done through agricultural research to improve the situation for the poor and what political and institutional changes might be necessary to achieve positive impact, for instance by asking a set of simple questions such as: ‘What group of poor people will benefit from the research? In what way will each of these groups benefit? And how important are conditional factors (such as governmental policy) in influencing the degree of benefit each group will experience?’ (Cox, Farrington and Gilling, 1998:44)? More specifically, poverty-oriented agricultural research should employ a decentralised and participatory research strategy based on long-term partnership with national institutions and poor people in the South. The priorities should be (Scherr and Haug, 1999):

- Strategic research to understand the causes and patterns of rural poverty-agriculture-environment interactions, and implications for technology and policy design;
- Sustainable technology development for highly-populated marginal lands, particularly in the warm tropics where the largest number of rural poor people live;
Resource management strategies and institutional arrangements to ensure access by the poor to environmental resources critical for livelihood security; and

Explicit analysis of policy impacts on the food-insecure, and advocacy for policy action favouring the poor.

If we recognise that policy, institutional and organisational failures are the most important root causes of famine today and not production and market failures (Braun, Teklu and Webb, 1998), the question is: What kind of policy and institutional failures? What do such kind of failures really mean and to what degree will application of appropriate tools of analysis provide knowledge about when policy and institutions are enabling and when they are constraining? And finally, will they provide the answers to why we have had policy and institutional failures? In order to address these questions, it is probably not enough to analyse policy impacts (as stated above), but to assess the nature of the poor’s interaction with policy-makers and implementors. This is a dimension that sustainable livelihood approaches should be able to comprehend. Institutions and organisations consist of people and policy does not implement itself. Those who go hungry are those without voice in their societies (Lappé, 1998). According to Sen (1996), it is possible to combat hunger from a technical, biological and economic point of view, but the political will is lacking. Political will is a difficult term to understand and often closely related to empowerment. As shown above, regarding food security, the expression of political will was present at the 1996 World Food Summit. What governments are willing and able to implement is another question. Action will demand economic resources and political power to implement measures which might be unpopular among certain influential groups. In this regard, it appears that action will require empowerment of poor people in order for the international declaration to be implemented.

8. Conclusion

How to assist poor people to enhance their livelihoods in a sustainable way is one of the greatest challenges we are facing in the world today. An estimated 1.3 billion of the world’s people are categorised as poor. Although the proportion of poor people in the world is declining, their actual numbers are on the increase. The 1996 Rome Declaration on World Food Security clearly states that poverty, not insufficient production, is the major cause of food insecurity. Steady increases in world food production per capita have not contributed significantly to
a reduction in the number of malnourished people in the world. Food security is a question of equity, distribution, power and politics as well as a question of food production. This is a challenge for policy-makers, development practitioners, agricultural researchers as well as rural poor people. Sustainable Livelihoods (SL) as a new approach in understanding the rural poor is in a way a revitalised version of the Integrated Rural Development (IRD) approaches of the 1970s. Both approaches comprise multi-sectoral and integrated development. However, a sustainable livelihoods approach goes far beyond the integrated and multi-sectoral approach of the rural development programmes. SL focuses on institutions and organisations rather than on conventional sector-oriented development interventions. It includes participation, empowerment and policy in the way these concepts have been contextualised during the last decades of development studies research. Sustainable livelihoods recognise, much more than the IRDs, the importance of the policy dimension both at the local level interpreted as participatory policy-making and by linking micro-level understanding of poverty into policy and institutional change processes at different levels (micro, meso, macro).

While it is too early to assess the impact of sustainable livelihoods approaches, SL provides a promising framework for analysis which could contribute to successful results of poverty reduction efforts. The question remains, however, how far the SL framework will be able to assist in putting the issues of power and political will more firmly on the development agenda. This article has examined the efficacy of political will by assessing the World Food Summit declaration signed by most of the countries in the world which states that ‘we pledge our political will and our common and national commitment to achieving food security for all and to an on-going effort to eradicate hunger in all countries with an immediate view of reducing the number of undernourished people to half their present level no later than 2015’ (FAO, 1996b:1). Promises given in international settings are, however, no guarantee towards action. If, as Sen holds, food security is an issue of redistribution rather than production, then dealing with power relations must take centre stage. Choosing a decentralised and participatory approach in agricultural research, for example, may be one way to challenge unequal power relations in practice. Our world is full of paradoxes, whether it be hunger in a world of plenty, poverty in a world with great wealth, or poor health in a world which knows both how to prevent and cure most diseases. What is needed to deal with these issues is political will and commitment: not only the unconfined political will of states and governments in international meetings, but
the political will that emanates from the public at large, at all levels of society. This must be based upon anger, passion and imagination more than on technical discussions, and must form the basis of our commitment to a better local and global future.

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Ruth Haug


Summary


The article reviews different paradigms which have dominated the discussions on how to facilitate rural development and livelihood security in the South, viewed from a food and agriculture entry point. The article focuses on food security as one of the important elements of sustainable livelihood approaches, analysing reasons for rural poverty and food insecurity, reviewing the possible impact of the World Food Summit of 1996, and making recommendations regarding future action in relation to political and institutional changes as well as changes in the agricultural research for development agenda. Finally, the article suggests different ways in which sustainable livelihood approaches may contribute more efficiently to rural poverty reduction as compared to efforts in the past.
The Limits of Local Democracy: Decision-Making and Popular Influence in a Tanzanian and a Zimbabwean Council

Stein Sundstøl Eriksen

Every unhappy family is unhappy in its own way
Leo Tolstoy, Anna Karenina

1. Introduction
After the end of the cold war, representative democracy appears to have become the political ideal in nearly all parts of the world. The call for democratisation is often combined with advocacy of decentralisation, understood as the transfer of authority from higher to lower levels of government. Decentralisation, it is argued, can bring government closer to the people, thereby facilitating ‘popular participation’ (another fashionable slogan) and adaptation of policies to local needs and priorities. In this context, decentralisation and democratisation appear as inherently linked, with decentralisation being seen as a way of furthering democratisation.1

However, it is not self-evident that decentralised government institutions are more ‘democratic’ than central ones, even if they are formally democratic in the sense of having elected bodies at the local

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1. Overviews of the debate on decentralisation are found in Crook and Manor, 1991 and Schonvelder, 1997.
level. If democracy means – in one way or another – people’s self-government, the democratic nature of local governments would depend on the extent to which local political institutions are actually controlled by ‘the people’ or its representatives.

In order to examine the ‘democratic credentials’ of local government, it is therefore necessary to look beyond the formal structures of government, and examine the actual operations of these institutions at the local level. This article examines processes of decision-making in local governments in two countries with formally democratic systems of local governments, namely Tanzania and Zimbabwe. I examine the concrete systems of decision-making in the two councils, and assess them in terms of the extent and form of popular influence. Based on fieldwork in one district in each country, I assess the different ways in which the two local communities are able to influence the decisions and priorities of the councils.

The aim of the comparison between the two districts is to contrast the cases with each other in order to shed light on the individual cases. By contrasting the cases with each other, I hope to illuminate both similarities and differences between them in terms of the ways popular influence has been institutionalised or not. Thus, the comparison is used as an instrument, which may facilitate and improve the interpretations of each case, and to ‘orient the narrative of events and patterns in each of the cases...[and] ...as benchmarks to establish the particular features of each case, either through contrasts of case patterns to a general concept, or through contrasts of that case to others’ (Skocpol, 1984:369).

The study is based on data collected in one district in each country. In studies of this kind, a balance has to be struck between extensive coverage of many districts (which can ensure that the districts studied are ‘representative’) and intensive coverage of a few (which can yield more detailed, in-depth information of these few cases). In this case, it was decided to select only one district per country, in order to get as much in-depth data as possible.

The article is mainly based on data collected during fieldwork undertaken in January–April 1996 (Tanzania) and May–August 1997 (Zimbabwe). These were basically of three kinds. First, a number of actors at the local level were interviewed in semi-structured interviews lasting between half an hour and two hours. Those interviewed include council officers, councillors, traditional leaders, ward- and village-level political representatives and ordinary citizens. Second, group discussions were held with ordinary citizens. Four such discussions were held in Kigoma, and six in Manyame. Group discussions were held in all types of wards in both districts. Third, official documents, such as plans, budgets and financial statements were collected.

Thus, I do not seek to explain similarities and/or differences by identifying causal relations through ‘controlling for’ certain background variables. Instead, the main objective is to use comparisons to uncover the characteristics of each case.
The Limits of Local Democracy

One can ask to what extent the findings of such a study have any relevance beyond the districts studied. My main strategy for making the study relevant beyond the two districts has been to choose districts, which are considered relatively ‘typical’ by national standards. This was done on the basis of information available in research reports, donor reports, official documents and interviews with knowledgeable people. Thus, districts were selected on basis knowledge acquired prior to collecting our own material. By implication, the findings can only claim to be representative for each country in so far as the information, on the basis of which districts were selected, was reliable. Only then can one assume that the districts in fact are ‘typical’. The following criteria were used: (1) relatively ‘average’ in terms of economic development in the country; (2) a mix of rural and urban characteristics; (3) more or less average in terms of political and administrative performance, as perceived by central government officials.

In the next section, I make some conceptual clarifications, focusing particularly on the concept of democracy and on the various ways in which popular influence can be organised. Next, I analyse the nature of decision-making in a Tanzanian and a Zimbabwean council, with the aim of assessing the nature of the processes through which popular influence is exercised, and the extent of actual popular influence on council policies. This is done by going through the different channels of potential popular influence in order to assess the extent of influence ‘from below’ in the different channels. Finally, I summarise the findings and attempt to draw some wider conclusions.

2. Democracy and Popular Influence

In the broadest sense, democracy means people’s self-government, or as the old cliché says, ‘government for the people by the people’. In other words, a democratic system is one in which the subjects and the objects of government are one and the same. Policies should be made by the governed or their representatives, and all those who constitute the governed must have a chance of influencing political decisions. The notion of democracy is a very abstract one, and it does not in itself determine the institutional arrangements through which it can be realised. Consequently, a variety of institutional arrangements are compatible with the exercise of democracy, and different arrangements may be judged as more or less democratic, depending on the extent to which those governed are in practice able to exert influence.

In a democracy, ideally speaking, procedures are such that people

\[4\] Although a number of arrangements can be excluded on the basis of it.
are in practice able to control the outcome of decision-making. However, even a democratic process (however defined) does not necessarily lead to an exact correspondence between popular preferences and actual priorities. The content of political decisions is shaped by the procedures through which they are reached, and any procedure therefore represents a kind of filter, which makes some outcomes more likely than others. Conversely, a correspondence between popular preferences and political outcome is not necessarily the result of a democratic process. One could think of a system in which government priorities correspond exactly to popular preferences without being democratic. Thus, a system where policies are made on the basis of opinion polls may be perfectly attuned to popular preferences, but it is not democratic. In such a system, people are governed in accordance with their priorities, but they are not governing themselves. They therefore remain objects of government rather than subjects of policy-making.

Popular influence over political decision-making presupposes some forms of mediation between the community and the institutions of government. Not all channels of popular influence are equally ‘democratic’, in the sense of giving all members of the community equal chance of exercising influence, and a study of local democracy must therefore include an assessment of how popular influence is exercised. My aim in this article is not to assess the degree of correspondence between popular priorities and council policies. Instead, I will study the channels through which popular influence can in principle be exercised in the two councils, and assess the extent of popular influence in the different channels.

In Tanzania and Zimbabwe, the following forms of mediation or channels of popular influence exist, which can in principle be used by members of the local community to exert influence on council policies: formal rights, actual voting/participation, popular meetings, political parties, the planning system, interest groups, NGOs, individual/informal initiatives.

The right to vote is supposed to guarantee that popular demands are channelled to the council by ensuring that those elected as councillors have the backing of their constituents. This type of influence, of course, is only exercised periodically, through elections. Both Tanzania and Zimbabwe are formally multi-party states, with regular elections, although both have one overwhelmingly dominant party.
The Limits of Local Democracy

During their periods in office, elected councillors in both countries under study are supposed to hold meetings with their electorate, in order to ‘inform and be informed’. In other words, they are expected to brief their local community on council affairs, and to be informed by members of the local community about the needs and priorities of the community. Such meetings can, in principle, constitute a kind of local ‘public sphere’. Priorities expressed at the meetings are then supposed to be brought to the council by the councillors.

But there are other channels of potential popular influence as well. Both Tanzania and Zimbabwe have introduced quite sophisticated – on paper – systems of ‘bottom-up planning’, in which the priorities of the community are supposed to be channelled from the village level, through the wards to the district. Various types of organisations can also serve as channels of popular influence. Examples of such organisations range from political parties and interest groups such as trade unions, farmers’ unions etc., to churches, charity groups or community-based organisations of various kinds. Finally, there may be informal channels of influence, through which individuals or groups may seek to influence council decision-making directly, by approaching representatives of the council. Of these, various kinds of patronage are perhaps the best known.6

The means through which popular influence is exercised varies between the different channels. In elections, of course, the means of exercising influence is to use the right to vote. In the case of ward- and village-level political meetings, information on local-level priorities is channelled through the councillor, who then becomes responsible for forwarding them to the council. The bottom-up planning system is intended to reflect village-level priorities as expressed in ‘development committees’ at the village and ward levels, whose members include community-level political representatives. As for individuals and different types of organisations, they exercise influence mainly by approaching councillors or the council administration with their views or proposals.

The degree of popular influence is also shaped by relations between local and central authorities, and between political representatives and the administration (Crook and Manor, 1992). These factors do not constitute channels of influence. Rather, they affect the extent to which popular influence is exercised through the different channels.

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7. Not all these channels of influence should be termed ‘democratic’. Some may involve bypassing official channels and even formal rules, and while increasing the influence of some members of the community, others could be left with less influence.
Local governments derive their authority from the central government, and the role of the central government cannot be ignored. Democratic decision-making presupposes that the institutions in question have something substantial to make decisions about. In the case of local governments, this means that central governments must grant local institutions a degree of political autonomy. Local governments are subject to various forms of control by the centre in exercising the authority given to them. What may appear from the perspective of local governments as a constraint on democracy, such as a central government directive, may well emerge from a democratic political process at the centre. Such a directive could be seen as a classic example of democratic decision-making. From the perspective of local authorities, though, a directive from the centre will appear as a constraint on local autonomy, no matter how that directive has been arrived at.

Democratic decision-making also presupposes that the decisions made by democratic institutions are in fact respected and acted upon by the administration. If decisions made by the council – however democratic – are ignored by the administration, popular influence on actual council priorities is undermined. In other words, democracy and popular influence presuppose that the spheres of politics and administration have been separated, and that the administration limits itself to implementing decisions made by the council.

### 3. Local Democracy in Action

#### 1. Tanzania

We can distinguish between three phases in the development of local government in Tanzania after independence (Max, 1991; Naustdalslid, 1995). In the first phase, until 1972, there were elected representatives at the district level. However, this system had a built-in tension between local autonomy and central control, which was gradually ‘resolved’ by an increase in central control and a corresponding weakening of local elected representatives. During the second phase (somewhat curiously called the period of decentralisation), which started in 1972, representative institutions at the local levels were abolished, and all local administration was taken over by deconcentrated central government institutions. In this system, popular participation was to be promoted through participation in development committees, officially introduced as instruments of popular control and development from below. As time went by, participation waned, the quality of services deteriorated and the administration established itself as firmly in con-
The Limits of Local Democracy

trol (Havnevik, 1993; Samoff, 1989).

In 1982, when the current system was established, elected District Councils were reintroduced. At the same time, the system of deconcentrated central government institutions was to a large extent retained. Thus, there were three separate hierarchies at the district level: (1) Deconcentrated central government organs (line ministries and regional administration); (2) District Council staff, formally accountable to the elected council; (3) A party hierarchy, with cells at all levels. When a multi-party system was introduced in 1992, the party was separated from the government, leaving the councils and central government institutions (line ministries and regional administration). At this time, the responsibilities of the development committees were transferred to the councils. Meanwhile, the development committees were retained, now as advisory bodies for the councils.

Since 1982, the 82 Rural Districts and 19 Urban Councils have been the primary institutions of local government in Tanzania (NORAD, 1995; Semboja and Therkildsen, 1991). The districts are divided into wards, with one councillor from each ward. In addition, the council has some appointed members. Thus, in Kigoma, there are 13 wards, and 16 members of the council. Two members are appointed, and, in addition, the MP from the district automatically becomes a council member. The council has six standing committees, composed of councillors. The Finance and Planning Committee, headed by the Council Chairman, is by far the most important of the committees.

The districts are given a wide range of responsibilities, including planning and implementation of development projects; collection of revenue; physical planning and infrastructure development; trade and industrial development; provision of services (Government of Tanzania, 1995; Semboja and Therkildsen, 1991). They are organised in ten departments (health, education, water, culture, community development, engineering, co-operatives, lands, trade, natural resources).

The first democratic elections at the local level under the current system were held in 1993. Two years later, in late 1995, national democratic elections were held. Although the CCM candidate (Mr. Mkapa) won the presidential election, the opposition won a significant proportion of the vote (almost 40 per cent altogether). CCM won a

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8. This period also coincided with the policy of villagisation, during which extensive force was used by the government to move people into new villages. It goes without saying that the political climate during this period was less than conducive for establishing popular participation and development from below. On villagisation, see Hyden, 1980; and Havnevik, 1993.

9. In 1996, it was decided that the regional level was to be abolished. However, fieldwork for this article was conducted prior to this, so the analysis refers to the system as it was up until the summer of 1996.
clear majority in the parliamentary elections, winning 186 of the 232 seats up for election. The Kigoma district is located in the extreme west of Tanzania, on the shores of Lake Tanganyika and close to the border with Burundi. It has a population of ca. 90,000. Though nominally urban, it has many of the characteristics of rural areas. Thus, more than 80 per cent of respondents in a survey of 650 households in Kigoma classified themselves as peasants (Schou, 1999). Despite its geographical remoteness and its reputation as something of an outpost, Kigoma is a lively trading town. Its main communication link with the rest of the country is the Tanzanian railway, built by the Germans before World War I.

According to official statistics, the district corresponds roughly to the national average in terms of economic development, although somewhat below the national average for towns. However, because of the lively and largely unrecorded trade with neighbouring countries, there is reason to believe that these figures may underestimate actual economic activity in the district. The administrative set-up of the council is the same as in other districts in Tanzania. It has ten departments, and most departments have two or three officers in administrative posts at the council administration, plus secretaries (excluding health workers and teachers). In addition, the District Executive Director (DED) has a staff consisting of a planning section, a treasury and a manpower section.

In Tanzania, there are no formal restrictions on political participation. The country has universal suffrage in both national and local elections. Moreover, both local and national elections have been characterised by a real choice of alternative parties and candidates. It should be mentioned, however, that CCM has been accused of abusing its position to rig elections.

Participation in the form of voting is very high. This applies to both local and central government elections. In both cases, a turnout of around 80 per cent was registered in the latest elections – held in 1993.

10. The opposition’s low representation in parliament is partly explained by the fact that they boycotted the final rounds of the election, accusing CCM of fraud. There is probably some truth in this (especially in Zanzibar), but nevertheless, the fact that the opposition recorded such a significant proportion of the vote, together with the high profile of some opposition parties and candidates indicate that the choice between candidates was a real one. The elections were also judged to be reasonably ‘free and fair’ by international observers.

11. We need not here enter into the discussion of what it means to be ‘a peasant’. On this, see Kearney, 1996.

12. Given that official statistics are notoriously unreliable, one should not make too much of this. The point of mentioning it here is simply to indicate that in economic terms, there is no reason to believe that Kigoma represents an extreme case in Tanzania.
The Limits of Local Democracy

and 1995 respectively – a figure higher than what is found in most western countries. Participation rates in earlier elections show the same pattern, never going below 70 per cent as a national average. This pattern was found in Kigoma as well. What distinguishes Kigoma from most other parts of Tanzania is the relative strength of opposition parties. Of the 13 elected members of the council, six were from the opposition CHADEMA party. Thus, judging from the extent of formal participation in elections, Kigoma – and Tanzania in general – must be viewed as a ‘democratic success’, with very high rates of popular participation in both central and local government elections. At least at the time of elections, the local community exercises its influence on the council through its influence on the council’s composition.

Members of the community could also exert influence through political parties. In Kigoma, there are two important parties, CCM and CHADEMA. To some extent, they do serve as a channel of mobilisation and influence. Both have branches at the sub-district level, some of which hold meetings with the community. However, the significance of this should not be overestimated, both because of the infrequency of such meetings and because of the limited participation in them. Representatives of both parties as well as ordinary citizens confirmed that such meetings are quite rare.

Although the ruling party (CCM) hardly serves as a channel of popular influence, its mode of operation has important implications for the role of councillors. The party was formally separated from the government in 1992, but its influence in government institutions remains significant. This influence is not only seen in the fact that the majority of councillors belong to CCM, but also in the way in which the administration is used to serve the party, most notably during elections (Mmuya and Chaliga, 1994). Thus, in interviews, it became clear that many council officers still see themselves as working for CCM as well as for the council. Moreover, key government positions at the regional and district levels are still given to party men.

However, there has been an interesting development among councillors and administrators alike, which seems to indicate a weakening of the ties between CCM and the administration. All councillors interviewed, whether they belonged to CCM or to CHADEMA, said that relations between councillors from different parties were good, and that they ‘stood together’ in their fight against the administration. Thus, rather than seeing the administration as their allies, the CCM councillors regarded the CHADEMA councillors as their partners in the fight against the administration. As for the administration, several
officers expressed dissatisfaction with CCM, and now supported the opposition.

The last of the formal channels of popular influence on council decisions is the planning system. The system of bottom-up planning was introduced in the 1970s, as the backbone of what was termed the ‘decentralised’ system of local government, in which local representative bodies were abolished. Although the overall system of which it was a part has been abolished, the planning system has been retained after the reintroduction of elected local governments. Planning in Tanzania is a time-consuming activity, which takes place in a series of stages.

Starting at the lowest level, it works its way upwards, through the wards, districts and regions and finally to the central government. Project proposals are forwarded from the village (rural)/block (urban) level to the ward office. The proposals are supposed to emerge through village level discussions. The ward executive officers then compile the proposals into a ward development plan, which contains a list of projects, ranked according to priority. However, according to ward and district level officers, very few proposals actually come from the local community. At the ward level, we found that some of the Ward Development Committees did not meet at all, and that many had submitted the same plan several successive years, since they had not received funding for any of their projects. The ‘plans’ had been prepared by the Ward Executive Officer, sometimes together with the councillor.

At the district level, plans from all the wards are compiled and scrutinised by the relevant departments at the district, and combined into a proposal for the District Development Plan. This is forwarded to the various Standing Committees of the Council, organised by sector. Here, each committee goes through the proposals under their area of responsibility. In practice, the administration makes assessments in advance, and come up with proposals for the committees. Councillors claim that they are rarely able to challenge these proposals, and that their actual influence is marginal.

Next, the plans are then forwarded to the Finance and Administration Committee, which then prepares ‘a consolidated development plan proposal to be deliberated upon by the full council’ (Kitula et al., 1990:110). Here, like in other committees, councillors are unable to challenge the decisions made by the administration. As a last step at the district level, the plan is presented for the full council, for discussion and approval. By the time the proposals reach this stage, it would

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13. I have described and analysed the process in some detail elsewhere (Eriksen, 1997).
often be too late to change anything, even if the council wanted to. However, according to councillors, the same problem of the councillors being dominated by the administration was found here.

It is fair to conclude that the planning system does not function as a real channel of popular influence. This is perhaps not surprising, seen in the context in which it was introduced. As mentioned above, the system was introduced in the period of ‘decentralisation’ (1972–82). It was therefore a part of the central government’s strategy of consolidating state power in rural areas. The system, therefore, was a way of centralising power, through top-down decision-making together with bottom-up planning.

Interest groups hardly exist in Kigoma. Trade unions have until recently been controlled by the party – and *ipsa facto* by the government. After the introduction of a multi-party system, they have been separated from the government, but they still remain closely linked to the party. Thus, they can hardly be considered as independent from the government. The main trade union in Kigoma is the Tanzanian Federation of Trade Unions, which mainly organises (local as well as central) government employees. The assessment of all concerned actors was that the Kigoma trade union movement had little influence on decision-making in the council.

One reason may be this: As pointed out by Tripp (1997), the steady erosion of salary levels had meant that by the early 1990s, all employees derived most of their income from the informal economy rather than from their official employment. The reduced dependence on official salaries meant, in turn, that trends in salary levels no longer affected workers’ economic interests in a significant way. This increasing irrelevance of official sources of income obviously weakened the trade union movement. In a situation where official salaries only amount to a fraction of the total household income, workers could not be expected to be mobilised for action against government policies.\(^\text{14}\)

As for other organisations, the local peasant association has more or less disappeared. Some religious groups and churches (the Catholic church in particular) are involved in running schools, health clinics and an orphanage, but according to themselves and to council representatives, they do not have much influence on the council. A few other local NGOs were registered, most notably the Kigoma Development Association (KIDEA). This is an association of people from Kigoma living in all parts of the Tanzania, which seeks to promote

\(^{14}\) This is without doubt one of the main reasons why the cuts in public expenditure associated with the structural adjustment programme have not been met by more open resistance by public sector employees (see Tripp, 1997).
‘development’ in the region. Based in Kigoma, it has established groups all over the country. It tries to co-ordinate NGO activities in the area in a network. KIDEA also aims at undertaking some activities of its own, with focus on activities such as creation of awareness among people of what they can do to promote development in their communities; information and training in how to deal with the government (obtain government funding, information on procedures, rules and regulations, assistance to small groups in getting established and registered with the government). However, by their own account, not much has been achieved so far, despite their ambitious plans.

KIDEA has also helped in the establishment of a traders’ association for small-scale market traders. This association seeks to promote co-operation among traders in their dealings with the government, and to act as a pressure group to ensure that the government provides the services traders are paying for, such as garbage collection, policing, electricity. At present, traders are forced to pay taxes, without getting the services they are paying for. The association wants to act as a pressure group towards the council. They also want to train shopkeepers in matters such as government rules and regulations, bookkeeping, accounting and record keeping. In addition, they propose to co-operate with the government in collecting revenue at the market, thus controlling both that everybody pays and that government collectors do not take bribes. So far, the government has not accepted the registration of the association. According to the association, the reason is that some government officials will lose their income from bribes received at the market if the association is registered and able to perform the tasks they have proposed (interview with council official, March 1996). Although they were talking about some kind of co-ordinated action (refusal to pay taxes unless services are provided) they had not actually done much, and cannot, for the time being, be considered a significant pressure group. Still, the fact that it and KIDEA exist and have plans for the future is an interesting development which could lead to the emergence of stronger pressure on the government. It seems reasonable to conclude, therefore, that interest groups and NGOs do not serve as important channels of popular influence on local government institutions in Kigoma.

The main means of ensuring such flow of information between the council and the community is the system in which councillors are supposed to hold regular meetings with their electorate. In a society where

15 It is equally interesting that associations like this one need to be registered by the government. This clearly reveals the Tanzanian state’s reluctance to allow institutions and organisations to emerge which are independent of the government and the party.
There are no local newspapers or local radio channels, such meetings would be the main arena in which ordinary citizens could be informed of the activities of the council. However, administrators, sub-district political representatives and ordinary citizens all claimed that most councillors hold such meetings very infrequently, if at all. Thus, in group discussions, there was general agreement that people did not feel informed about or in touch with what happened in the council. Consequently, meetings at the ward- and village-levels did not give councillors feedback from the community in terms of political priorities. The extent of popular influence through this channel is therefore limited.¹⁶

What remains to be discussed is the residual category of ‘informal’ channels of influence. There is no doubt that it is possible to influence council decisions without going through formal channels. Individual members of the community can influence the council by contacting individual councillors to solicit their support for an issue of their concern.¹⁷ Or they can bypass the formal political channels, for instance by approaching the council administration directly.

The main means of acquiring such influence are through contacts and money. Individuals who are well connected, especially with senior people in the administration or the party, or who have economic resources, are often able to obtain ‘favours’ which suit them. However, this requires resources (either in the form of money for bribes or in the form of contacts) which are normally beyond the reach of ordinary citizens. In a sense, one might say that this constitutes a kind of responsiveness to the needs and priorities of the community, since council decisions can be made to correspond with the interests of members of the community. But this kind of responsiveness is hardly ‘democratic’, and must be seen as undermining local democracy rather than furthering it.

Thus, in the Kigoma council, policies and plans are made largely by the administration (within limits defined by the centre and subject to central control), with little participation from local interest groups or the local community. Even councillors, to whom the council administration is formally held accountable, have very little influence on

¹⁶ In democratic terms, such popular meetings can be ambiguous. One could argue that they will be dominated by local elites, that they are a form of ‘mob rule’ and that they undermine the role of debates within the council. Nevertheless, they are also a possible channel of popular influence.

¹⁷ It is a notable feature of Kigoma (and Tanzania in general, see Feierman, 1990) that traditional leaders do not play an important political role. They are not members of the council. Nor do they operate as informal intermediaries. Thus, no one mentioned in interviews that traditional leaders used informal channels of influence, or that people used them as informal intermediaries.
policy decisions. Relations between councillors and officials are characterised by strong mutual suspicion, with councillors regarding officials as having no interest in promoting ‘development’. They also suspect that officials steal from the council’s funds (probably with good reason). The officials, on their part, regard the councillors as ignorant, incompetent and only concerned with getting their allowances. It seems clear that the administration has the upper hand, and that the council’s influence on plans and budgets is limited, although they are formally entitled to overrule the administration.

The central government establishes the framework, overall policy and guidelines within which local councils must operate. It prepares the national development plan, which sets the overall objectives to which national sectoral policies and lower level plans are supposed to contribute. The central government also collects most local-level taxes, pays the salaries for a substantial part of council staff and determines the budget ceilings and the size of transfers to each region and district. The control of transfers is particularly important, especially in a system like that in Tanzania, where the vast majority of local government funds are transfers, and all transfers are earmarked for specific sectors. In addition, the central government can exercise control through specific guidelines, which determine the distribution of funds between sectors. And they can use the regional administration and their representatives in the Development Committees. Although now formally under the councils, key members of the committees represent the central government. This means that the central government is able to control that the policies of local authorities are in accordance with those of the central government.

To sum up: Local democracy in Tanzania is constrained by several factors. First, relations between the council and the community are such that needs and priorities from below are not channelled through the system. This can be seen both in the planning system and in the lack of lower-level popular meetings. Second, the council itself operates in a way which impedes political influence from below, since councillors are overpowered by the administration. Third, the central government has placed severe constraints on the operation of councils, limiting their ability to respond to popular needs (if they wished to do so, which they may not). Finally, the means through which members of the community can in some cases influence the council are not necessarily democratic. This applies both to blatant bribery or use of patronage by individuals, and at times to the influence exercised by organisations, most notably CCM.
2. Zimbabwe

At independence in 1980, Zimbabwe inherited a local government system sharply divided along racial lines (de Valk and Wekwete, 1990, Masuko, 1995). The system consisted of Rural Councils and Urban Councils for the white population on the one hand, and African Councils for the black majority. Rural Councils consisted of white farmers, and their main responsibilities were construction and maintenance of roads. Although the majority of the population residing within the rural councils was African, only whites were entitled to vote. African Councils covered those areas which were reserved for the African population, the so-called Native Reserves. Roughly 70 per cent of the country’s population resided in these areas. The African Councils were responsible for a wide range of activities, the most important of which were health, education, physical planning, agriculture, forestry and road construction. However, the central government exercised considerable control over them.

The structures inherited from the previous government were largely kept in place until 1993. The separate structures of Rural Councils and African Councils (now renamed District Councils) remained, as did the limitation of voting rights in Rural Councils to ratepayers. Thus, Rural Councils remained white dominated, although some blacks joined the ranks of commercial farmers. The majority of their residents, the workers on the commercial farms, remained disenfranchised in their areas of residence.

In the former African Councils, there were more significant changes after independence. First, the government sought to reduce the role of traditional authorities, and therefore decided to transfer the authority to allocate land from traditional leaders to the district councils. Another important change after independence was the introduction of the so-called development committees at village (VIDCO), ward (WADCO) and district (DDC) levels in 1984. These were to be the basic building blocks of a system of bottom-up planning, which was considered crucial for the institutionalisation of popular participation. The VIDCOs and WADCOs were supposed to articulate the demands and priorities of ordinary villagers (Helmsing and Mutizwa-Mangiza, 1991; Munro, 1995).

With the 1988 Rural District Councils Act, the government declared that Rural and District Councils would be merged into one system, with one elected council and one administration. The new councils

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18 For a variety of reasons, it took five years from the approval of the Act until it was implemented. The actual implementation of what has become known as ‘amalgamation’ took place in 1993.
are divided into wards and villages. Each ward elects one councillor. In addition, some councillors are nominated by the ministry of local government. These are to represent so-called ‘special interests’, but in most cases, the ministry has nominated traditional leaders (Hlatshwayo, 1995). There are five types of wards, distinguished by the type of land tenure: communal, urban, large-scale commercial, small-scale commercial and resettlement. In communal and resettlement wards, all adult residents are entitled to vote. In other wards, voting is limited to property owners and rent payers.

In the new system, no less than 64 tasks are in principle transferred to the RDCs. These include land allocation, roads, education, health and water. They are also granted the responsibility of hiring their own personnel. However, the fact that the act allows for the transfer of these functions does not mean that they are actually transferred. In practice, no council has yet taken over all these responsibilities. According to the Ministry of Local Government, the functions most commonly transferred are the following: overall planning, health, education, water supply, housing, roads, natural resource management, commercial development, land allocation and land use planning (MILGRUD, 1995:7). In addition, councils are entitled to collect certain taxes, including development levy, land tax (in commercial farming wards) and market fees.

More often than not, the transfers that have taken place are only partial. This is realised by the ministry, which states that ‘rural service provision will continue to be the dual responsibility of central and local government’ (MILGRUD, 1995:7). This means that some of the other sectors designated as council responsibility have not been transferred at all (water supply can serve as an example), while in others, the council is only involved to a limited extent (education).

The Manyame Rural District Council is located ca. 50 km south of Harare. It is the result of the amalgamation of Harava District Council and Harare South Rural Council. It contains all types of wards – communal, large-scale commercial, small-scale commercial, resettlement and urban. The population of the district is around 80,000. Although nominally a rural district, it has, like Kigoma, a mixture of rural and urban characteristics. This is so both because the district has a small town centre (Beatrice), and because a substantial proportion of the inhabitants in the district work in Harare or in the town of Chitungwiza.

The most striking shortcoming in democratic terms of the current system of local government in Zimbabwe is that there is no universal suffrage in local elections. In fact, a large proportion of residents is
not entitled to vote in council elections. Voting rights are limited to rate payers and property owners, thereby excluding workers on commercial farms and mine workers. And although everyone is in principle allowed to vote in his or her area of origin (a communal area elsewhere in the country), most farm workers are unable to do so. The majority of them are of foreign descent (Mozambique, Malawi or Zambia) and do not have a ‘home area’ in Zimbabwe (Amanor-Wilks, 1995). And even those of Zimbabwean origin have in many cases lost connection with their ancestors’ home area. This means that in the country as a whole, almost 20 per cent of the population is denied the right to vote in local elections. Consequently, councillors from commercial farming wards are elected by an electorate consisting of only farmers, who constitute only a fraction of the population in these wards.\textsuperscript{19}

Another formally ‘undemocratic’ feature of the local government system in Zimbabwe is that up to 25 per cent of the members of the council can be appointed by the central government. The justification of this is that it will ensure the representation of groups who otherwise would be unlikely to be represented, such as women, youth and farm-workers. In practice, however, the appointed members have almost exclusively been traditional leaders (chiefs and headmen). Thus, in spite of its official justifications, the system has in fact not been used to benefit these groups. Instead, it has been used to strengthen the representation of traditional leaders, a group which already enjoys full political rights and a high standing in the local community. They would therefore presumably stand a good chance of being elected as councillors through ordinary elections (Hlatshwayo, 1995; Musekiwa, 1997). This represents a limitation on local democracy in two ways. First, when some councillors are appointed rather than elected, the influence of the local community on the council’s composition, and therefore on its policies, is reduced. Second, the existence of appointed councillors also represents an instrument through which the ruling party can retain control, by making sure that appointed council-

\textsuperscript{19} That this system has been retained for so long, even after the amalgamation of Rural and District Councils, must be seen as a reflection of the political marginalisation of these groups in independent Zimbabwe, where the focus of government’s rural policies has been on communal areas on the one hand and the largely white large-scale commercial farmers on the other (Rutherford, 1997). Thus, the second five-year plan (1991–1995) hardly mentions farm- and mine-workers at all (Second Five-Year Plan, Govt of Zimbabwe). However, two recent developments may signal a change in the political position of farm workers. First, they have now been given the right to vote in council elections. This will give them a stake in the affairs of the council, which has been lacking up until now. Second, 1997 saw the first nationwide strike by farm workers. Taken together, this indicates that the farm workers’ political marginalisation could be coming to an end.
lors are ZANU-PF supporters. Although formally based on multi-party elections, local councils in Zimbabwe are overwhelmingly dominated by the ruling ZANU-PF party. After the Unity Accord in 1987, in which the Shona-dominated ZANU-PF and the Ndebele-dominated ZAPU were merged into a single party, no significant political opposition has emerged. For several years after the Unity Accord, the explicit aim of ZANU-PF was to create a one-party state, and although this aim has now been given up, opposition parties are almost non-existent except in a few districts. It is therefore fair to say that Zimbabwe in the 1990s has been a de facto one-party state.

In the Manyame district, however, there are some independent councillors. Most of these are commercial farmers, a group which by and large is at some distance from ZANU-PF. There are some independent councillors from other wards as well. In most cases, they have stood as independents simply because they have not been nominated by ZANU-PF, and even without the party ticket, they have been able to get the support of the community. In fact, several of those elected as independents in this way have rejoined ZANU-PF after being elected. Still, the fact remains that a number of independent candidates stand against those nominated by ZANU-PF, and some have beaten party candidates in elections. Such competition could improve the councils’ responsiveness to local needs and increase the local community’s influence. After all, if the party candidate is unpopular, people can choose somebody else, who they see as better able to represent them. This, in turn, could influence the party’s choice of candidates, and make its candidates more acceptable to the community.

In sharp contrast to Tanzania, participation in elections in Zimbabwe is extremely low. In fact, in the last national elections in 1995, it was as low as 30 per cent. In the local elections held in 1993, the participation rate was ca. 50 per cent of the enfranchised population, and according to district officials, the figure in Manyame RDC was roughly the same. 20 If democracy is seen as the actual exercise of collective autonomy, low electoral participation would make the system less democratic, since it reduces the community’s influence on council policies.

The community’s limited influence on the council through elections could be balanced by other forms of participation. In Zimbabwe, as in Tanzania, one such mechanism is the system of so-called bottom-up

20The difference between the two elections in terms of participation rates is partly explained by the fact that farm workers, who are entitled to vote in national elections, but not in local ones, have a lower rate of participation.
planning through the political institutions at the ward and village levels, that is, the Village Development Committees (VIDCOs) and Ward Development Committees (WADCOs). The first step of the planning process is that VIDCOs hold village-level meetings, on the basis of which they draw up a village plan. In reality, these meetings are rarely held at all. In some cases, we were told that the VIDCOs do not even exist, although there is a person who is nominally its chairman. Village plans are then sent to the WADCOs, which are composed of VIDCO chairmen and the councillor. Given that VIDCOs are not functioning, this is where the planning process really starts. But since the VIDCOs rarely submit plans to the WADCOs, the proposals are actually made at this level. In most cases, the councillors would make proposals, sometimes on their own, and sometimes on the basis of the wishes of the community, as expressed in popular meetings. At the district level, plans are first discussed in the respective committees of the council, and in the District Development Committee (DDC). After being approved in the DDC, the full district development plan is forwarded to the council for final approval. According to councillors and council officials, the council very rarely goes against the DDC, even if the DDC approves projects which are not emanating from councillors.

The various stages differ in the extent to which the local community or its representatives are actually able to exert influence. The first two stages, in which direct democracy is supposed to be exercised, do not function as intended. As already mentioned, the VIDCOs and WADCOs often merely exist on paper. In the next stages, the influence of the community is exerted through the councillors as their representatives. The extent of popular influence will then depend on whether the councillors are informed of and follow the priorities of the community, and on the extent of influence the councillors are able to have in the decision-making process in the council and in the development committee. In these respects, the system works reasonably well. The councillors, by and large, hold quite frequent meetings with their voters (more than once a month on the average, according to a survey among residents. See Mashanda-Shopo, Masuko and Schou, 1997). These meetings often attract quite a significant number of participants.21

However, like in Kigoma, the actual importance of the planning process as a channel of popular influence should not be exaggerated.

21: This applies to all types of wards except the large-scale commercial farming areas, where the constituency, strictly speaking, only includes the farmers. Here, council issues appear to be discussed mainly on an informal level between the farmers. This is quite feasible, since the number of farmers in each ward is quite small.
This is so because in recent years very few of the projects included in the approved plans have actually been funded. Comparing plans with financial statements, one finds that hardly any of the projects proposed in the plans have been funded. So although the influence of political representatives in formulating plans and making priorities is significant, this influence is not reflected in budget allocations. The projects prioritised by the councillors are therefore rarely realised, a fact which has made many people regard the planning process as a sham.

In addition to their role in the system of bottom-up planning, the popular meetings held at the ward level serve two main purposes. On the one hand, the councillor is supposed to inform the community about issues discussed in the council, and seek their opinion on these issues. On the other hand, the meetings give members of the community the opportunity to brief the council about issues of their concern and interest. Such meetings are therefore an important arena of communication between the council and the community, which could constitute a kind of local ‘public sphere’. As it is, however, they do not function as such. Although meetings are held, the lack of funds for new projects means that proposals emerging from such meetings hardly ever obtain funding. The funds that do exist almost without exception come from the central government. Although projects funded by the centre are included in the district plan, which is formally approved by the council, the council is in practice unable to overrule priorities made by line ministries regarding projects which these ministries fund. This means that wishes and priorities emanating from ward meetings hardly ever have implications for actual allocations.

In contrast to what is the case in Kigoma, councillors in Manyame are not overwhelmed by the administration. Thus, no councillors reported that the decisions of the councillors were overturned by the administration. Councillors’ decisions were respected, and the administration limited itself to carrying them out. In fact, all those interviewed, both administrators and councillors, described relations between staff and councillors as quite good. This was not because councillors in Manyame were better educated, or came from a different social class than in Tanzania. They did not. Instead, it was the result of restraint and professionalism on behalf of the administration, reflecting a clearer separation between the spheres of politics and administration than in Tanzania. Thus, the pervasive bureaucratic
interference in local politics found in Kigoma did not characterise the Manyame council. The exception to this general pattern was the District Development Committee, which although formally under the council is dominated by representatives of central government ministries. According to several officers, proposals coming from the VIDCOs are often left out by the DDC, and replaced with projects coming from technocrats. So although councillors are represented at the DDC, they are overpowered by the administrative members of the committee.23

The most important interest groups found in the Manyame district are the Commercial Farmers’ Union (CFU), the Farm Workers’ Union, (both in the large-scale commercial farming wards) and the farmers’ union representing farmers in communal areas. However, none of them are active in relation to the council. The main reason for this, cited by representatives of all organisations, is that the council does not deal with issues related to the interests of the organisation. Quite naturally, all of them are mainly concerned with issues related to agriculture, a central government responsibility. They therefore concentrate their political activities at the central level (Herbst, 1990; Skålnes, 1995). The farm workers’ union is by far the weakest in terms of resources as well as political influence, but even they focus their attention on the central government rather than the councils. In fact, they have had even less reason to engage with the councils than the CFU, given the fact that farm workers have not been allowed to vote in local elections. In addition to interest groups, there are other non-governmental organisations (NGOs), such as churches, donors’ and women’s associations, which are engaged in charity work of different kinds.24 However, these have not taken on an active role in relation to the council, and their mere presence is not necessarily of any importance to the operations of the council.

By far the most important ‘non-governmental’ organisation in Zimbabwe is the ruling party, ZANU-PF. It has units all the way down to the ten-cell, or block level. Above the ten-cell, you have the village

23. It is worth noting that in this case, it is the central government representatives who exert such a dominance, not the council administration. In the case of projects funded by locally collected revenue, central government representatives normally do not interfere.
24. Among NGOs active in the Manyame district, the European Union, the German Government (GTZ) and Save the Children could be mentioned. For a general overview of NGOs in Zimbabwe, see Makumbe, 1996.
25. Because of the intimate connection between the party and the government, the term ‘non-governmental’ must be used with caution. In fact, although formally separate from the government, the two are often indistinguishable, at least at the local level, as we shall see below.
branch, which corresponds to the VIDCOs’ area of jurisdiction, and then district, province and national levels. Our finding was that the party structures at the ten-cell level were not functioning. At the village level, the party was seen as identical to the VIDCO, which was considered by many to be a party institution. Thus, one VIDCO chairman said that ‘I am the representative of the party and the government in the village’ (interview with VIDCO chairman, 21 June 1997). The VIDCO, though, in several cases turned out to be nothing more than the chairman. It was quite clear that the VIDCO chairman had no independent influence, and that decisions were made by the headman. One headman put it quite bluntly, stating that ‘the VIDCO is under the headman’ (interview with headman, 20 June 1997). Community-level party structures, therefore, were no longer functioning as a vehicle of popular mobilisation, or a channel of political influence for the local community.

In the council itself, party influence goes through the councillors in an impeccably democratic fashion. Unlike in Kigoma, and in spite of the Zimbabwean government’s formerly proclaimed aim of creating a one-party state, the council’s administration does not interfere in council decision-making. Both councillors and council officers agreed that relations between them were good, and that the administration limits itself to implementing council decisions.

Zimbabwean councils are subject to significant controls from the centre, which limit the influence of elected representatives. But unlike in Kigoma, these controls do not take the form of direct interference by central government staff in the affairs of the council. The major form of control is through the system of funding. Thus, the fact that transfers from the centre are earmarked for specific projects, and that councils have no influence on how they shall be spent, clearly represents a limitation of their autonomy (Eriksen, Naustdalslid and Schou, 1999). This has turned out to be less of a real constraint than in Kigoma, though, since the council collects substantial local revenue. In Manyame RDC, local revenue makes up 57% per cent of total expenditure, as opposed to 10 per cent in Kigoma (Manyame Rural District Financial Statement 1996/97).

Before amalgamation, the central government also controlled local authorities through the office of the District Administrator (DA), who heads the deconcentrated central government administration at the district level. This control mechanism has largely been eliminated, with the DA’s responsibilities vis-à-vis the council being clarified as

26 This confirms the findings of other studies, such as Makumbe, 1996 and Munro, 1995.
The Limits of Local Democracy

well as diminished. Furthermore, while the DDC was formally a central government institution prior to amalgamation, it now has the status of a council committee. Thus, decisions made by the DDC must subsequently seek the approval of the full council.27

So far, I have described the extent of democratic control in formal channels of political influence, through elections, planning, interest groups, NGOs and political parties, as well as the constraints of democratic control represented by the central government and the administration at the district level. This picture must be completed by an assessment of informal channels of influence. As in Kigoma, bribes and distribution based on patronage are two such channels. It seems clear that the massive problems of corruption and ‘leakages’ found at all levels in Kigoma are not nearly as pervasive in Zimbabwe. This does not mean that there is no corruption in Zimbabwe. In fact, judging from newspaper reports and from general discussions at various levels in Zimbabwe, there seem to be good reasons to believe that corrupt practices of one kind or another are fairly frequent here as well. Still, neither councillors nor administrators or ordinary citizens regarded corruption as a major problem for the council. This clearly indicates that, although corruption may exist, it has not crippled the administration to the extent that it has in Kigoma. As for patronage, it seems to be quite widespread at the political level. However, the administration at the local level seems to have been insulated from this, and did not report ‘interference’ from the ruling party or other organisations in the running of the administration.

Distribution of land is one of the most contentious political issues in Zimbabwe, and the council is responsible for land allocation within communal areas in the district. Formally, this is to be done by the council through the VIDCOs. But according to custom, authority over land rests with ‘traditional’ leaders.28 Thus, we find a clear conflict between the ‘modern’ system of law, and that of tradition. During the colonial period, traditional leaders were granted the right to allocate land by the colonial authorities. After independence, the state sought to replace the authority of tradition and traditional leaders with its own, and it therefore attempted to remove traditional leaders’ right to allocate land. This was largely a failure, as local communities did not

2727. As mentioned above, it remains a problem that the council cannot in practice overrule DDC decisions in matters which are not covered by the councils’ own funds. 2828. The term ‘traditional’ should not be taken too literally. It has been convincingly shown that what goes under the name of ‘tradition’ can be quite recent innovations (Hobsbawn and Ranger, 1983). Moreover, the content and basis of ‘traditional’ leaders’ authority can be shifting over time, as can ‘tradition’ itself. In applying the term here, I am simply following the actors’ own term.
recognise government authority in this area. The outcome of this conflict has been that, although the authority to allocate land still formally rests with the council, it is in practice done by traditional leaders.\textsuperscript{29}

The implications of this for local democracy are ambiguous. In one sense, the fact that traditional leaders have retained the authority to allocate land, even against the explicit policy of the government, represents a compromise on democratic decision-making. Traditional leaders are not elected, and by usurping the responsibilities of the council, they weaken the position of democratically elected councillors.\textsuperscript{30} At the same time, they have been able to retain this power because it is considered legitimate in the community. Thus, what is democratic in the sense of being in accordance with popular opinion (and therefore in a sense legitimate\textsuperscript{31}), represents a weakening of democracy in the sense of reducing the influence of democratically elected representatives.

We may conclude that the possibilities for members of the local community to influence the council are quite limited. The most notable limitations are that farm workers have not had the right to vote in local elections, and that up to 25 per cent of members in the council are appointed rather than elected. In addition, the system of bottom-up planning does not serve as a channel of popular influence. As for pressure groups, none of them direct their activities towards the council. The same applies to NGOs in the area. And the local branches of the party have little grassroot activity. On the other hand, links between councillors and their constituents are reasonably close, and regular meetings are held. Moreover, the administration has not ‘interfered’ in political decision-making. The council’s autonomy from the central government is also fairly strong, with a significant proportion of council funds collected locally, and limited ‘interference’ by central gov-

\textsuperscript{29}See also Munro, 1995. It should also be noted that from the perspective of the traditional leaders, such an association with the government can be risky. If the government becomes more and more unpopular, which seems to be the trend in Zimbabwe, the chiefs/headmen risk being seen as collaborators, just like they were under colonialism. Thus, although they may at first strengthen their formal power by aligning themselves with the state, by doing so they may be digging their own grave in terms of popular legitimacy. This may undermine their position and authority at the local level, and even threaten the popular view that they should be in charge of an issue like land allocation. This does not seem to have happened yet though. According to a recent study, people would in fact like traditional leaders to have more influence than they have today (Musekiwa, 1997).

\textsuperscript{30}Moreover, the fact that they have been able to retain this authority represents a threat, or at least a weakening, of the sovereignty of the state. See Munro, 1996, for further discussion of sovereignty.

\textsuperscript{31}Thus, the concepts of democracy should be distinguished from legitimacy. Formal democratic institutions may or may not be considered legitimate by citizens. And conversely, legitimate systems may or may not be democratic.
The Limits of Local Democracy

...ernment institutions in council affairs. The role of traditional leaders is ambiguous in democratic terms. While the community wants them to allocate land, the fact that they do this weakens the democratically elected councillors.

4. Comparative Perspectives

A systematic comparison of the two councils in terms of democratic decision-making can now be made. Table 1 illustrates the empirical findings.32

<table>
<thead>
<tr>
<th>Channels of influence</th>
<th>Kigoma, Tanzania</th>
<th>Manyame, Zimbabwe</th>
</tr>
</thead>
<tbody>
<tr>
<td>formal system</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td>multi-partyism</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td>participation in elections</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td>popular meetings</td>
<td>low</td>
<td>medium</td>
</tr>
<tr>
<td>planning</td>
<td>low</td>
<td>high</td>
</tr>
<tr>
<td>political parties</td>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td>interest groups</td>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td>NGOs</td>
<td>low</td>
<td>low</td>
</tr>
<tr>
<td>informal channels</td>
<td>low</td>
<td>medium</td>
</tr>
</tbody>
</table>

We see here that in formal terms, the Tanzanian council is clearly more democratic than the one in Zimbabwe. There is universal suffrage, more real competition between parties and far higher participation in elections. By contrast, the Zimbabwean council does not have universal suffrage, has very little competition between parties and very low rates of participation in elections.

At the same time, the two councils share some of the same limita-

32. This is a simple scheme of classification, intended to sum up the findings described in the previous sections. It is not an attempt at ‘measuring’ democracy in a quantitative sense. I will not attempt to make such a quantification, since it would obscure the extent to which any assessment and assignment of value is based on judgment and interpretation. Thus, I use the terms high and low instead of numbers, in order to underline that this is a judgement rather than measurement. Those of a more ‘scientific’ inclination could use this as a basis to construct a ‘democracy index’, for instance by assigning a value between 0 and 1 for each case on each dimension, and then, through some system of weighing, arrive at a ‘democracy score’. In any case, I do not share the assumption which seems to guide many attempts at somewhat arbitrary quantification, that is, that only those findings which can be represented in numbers are ‘scientific’.
tions of local democracy. In both countries, the bottom-up planning system serves more as an instrument of central control than as a channel of popular influence. Ward- and village-level institutions are not able to shape policies in a significant way. Most notably, ward- and village-level popular meetings do not function as arenas of collective deliberation on political issues. In the absence of local newspapers and other mass media, such meetings could potentially constitute a popular ‘public sphere’, which could mediate between local political institutions and the local community. In Kigoma, such meetings are held rarely, if at all. In Manyame, they are held more frequently, often with significant attendance. However, given the lack of funding for proposals emerging from the meetings, they do not constitute a channel of actual influence on decision-making. Although people still attend the meetings, they do so more to be informed of council affairs than to exert any influence on its decision-making.

Both districts were also characterised by relatively few and weak non-governmental organisations (interest groups and NGOs), often held to be core ingredients of a well-functioning democracy. The absence of strong civil organisations can be seen as both a consequence and a cause of the limitation of local democracy in the two districts. However, the importance of such organisations for democratisation should not be exaggerated. In fact, NGOs need not be very democratic. Both their internal organisation and the means adopted by them to acquire funding or solicit government support may be quite undemocratic. In addition, if NGOs are politicised, and seek to influence the council and its policies, this may make council decision-making less democratic rather than more. As with corporative arrangements, institutionalisation of pressure group influence means moving power and decision-making from democratic arenas such as the elected council to more hidden, informal arenas, thereby weakening the influence of democratically elected fora. It is therefore an empirical question whether NGOs strengthen or weaken democracy in any particular case, and in the cases described in this article, they did not play an important role.33

Informal channels of influence are normally not democratic, and their absence must therefore be seen as a democratic feature. In

3333. All this, of course, is not to say that NGOs are ‘a bad thing’. Their work is clearly of considerable importance to the community or to their beneficiaries in many cases. From a democratic perspective, it could also be argued that they may contribute to fostering a ‘community spirit’, which in the long run could be translated into political mobilisation and democratisation. However (contra Putnam, 1993), this is not necessarily the outcome. A community spirit need not emerge from the presence of NGOs, and even if it does, it is not necessarily translated into political mobilisation.
The Limits of Local Democracy

Kigoma, council decisions are heavily influenced through informal channels, most notably through bribes. The council administration in Manyame is less open to informal channels of influence than that in Kigoma. It is more ‘insulated’ from societal pressure, both in the form of bribery and in the form of influence through contacts.

The degree of popular influence is also shaped by relations between local and central authorities, and between political representatives and the administration. Their effect in terms of local democracy in the two councils can be summarised as follows:

<table>
<thead>
<tr>
<th></th>
<th>Kigoma</th>
<th>Manyame</th>
</tr>
</thead>
<tbody>
<tr>
<td>autonomy from central government</td>
<td>low</td>
<td>medium</td>
</tr>
<tr>
<td>relations between politicians and administration</td>
<td>low</td>
<td>high</td>
</tr>
</tbody>
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Actual decision-making in the Tanzanian council is to a large extent controlled by the central government representatives and the local administration, with elected councillors having little influence. The Tanzanian council, therefore, can be described as a ‘dictatorship of the bureaucracy’, with elected representatives being overpowered by local- and central-level bureaucrats (Feierman, 1990). This bureaucracy, moreover, has been thoroughly penetrated by patronage and corruption.

In Manyame, relations between councillors and the administration are much better, and administrators do not ‘interfere’ in councillors’ responsibilities in the same way. Thus, the authority of councillors is largely respected by the administration. This means that politically elected councillors in Manyame are able to exert much more influence on decision-making within their areas of jurisdiction than those in Tanzania. In this sense, therefore, the Zimbabwean council is more democratic. Moreover, central government representatives do not interfere in council affairs to the same extent as in Kigoma. However, Zimbabwean councils have been given fewer responsibilities by the central government than those in Tanzania.

Thus, there are clear limitations on local democracy in both councils. As in the case of Tolstoy’s families, we could say that both councils are undemocratic, but each is undemocratic in its own way. The question then arising is this: Why are there such limitations on local democracy in both countries? I think the answer to this question must be sought along the following lines: Central governments in both countries have limited the extent of local democracy. Being the locus of formal political sovereignty, it is, of course, the central government which establishes the rules within which local governments must ope-
rate, including rules such as those guiding voting and selection of council members. The direct effect of such controls on local democracy is seen most clearly in Manyame, with limited suffrage and appointed members of council.

But in addition to establishing the formal rules which local governments must follow, the centre can break the rules it has itself established. This is what happens when they interfere with the operations of councils even within the areas for which they have been granted responsibility, as is the case in Kigoma and to a lesser extent in Manyame. The lack of funds for investment leaves the councils without very much to decide about. With no resources to allocate, council affairs tend to become depoliticised and reduced to administration and maintenance of existing facilities. This is likely to reduce the interest of both councillors and constituents in the affairs of the council. This points to the paradox of introducing democracy and decentralisation from above. The state sees itself as the promoter of ‘development’ (Chatterjee, 1994; Ferguson, 1990), and considers democracy and decentralisation as part of its project of ‘modernising’ society. But democracy in the sense of real autonomy is something which by definition cannot be imposed from above, and any attempt at this will be self-defeating.

Most fundamentally, the reluctance of central governments to grant democratic autonomy to local authorities must be seen as reflecting the fragility of state authority at the local level (Berman, 1998; Mamdani, 1996; Munro, 1996). In Kigoma, this fragility is seen in the ways public officials use state institutions and state resources for private purposes and in the inability of state institutions to effectively regulate social life at the local level. Public institutions are, one could say, ‘colonised by society’ (Bayart, 1993; Medard, 1991; Rueschemeyer and Evans, 1985), and society is only to a very limited extent administered by the state. In Manyame, state weakness at the local level is seen by the fact that state authority at the local level is to a large extent exercised through local intermediaries, such as traditional leaders, and that workers on commercial farms have not even been given the right to vote. Thus, both states’ authority at the local level is weak, albeit in different ways and for different reasons.

This then, may be the deepest cause of both the fragility of democracy and the excessive centralisation, in Tanzania and Zimbabwe and elsewhere. As argued by Atul Kohli in the case of India (Kohli, 1994), centralisation can be a result of state weakness. When state authority at the local level is weak, the state’s response is to retain central control. By implication, when state authority is fragile, both democratisation...
The Limits of Local Democracy

tion and decentralisation are likely to be considered dangerous. Seen from the central government, both represent a potential threat to its authority, and strict controls are likely to be imposed on both types of processes. But such controls run counter to the possibility of creating democratic local governments. Both democratisation and decentralisation are therefore more likely to succeed in a situation when state authority is more secure, and creating such security may be a precondition for the establishment of stable and democratic local governments.

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231
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The Limits of Local Democracy

No. 5.


Summary


The article analyses processes of decision-making in two councils with formally democratic systems of local government – one in Tanzania and one in Zimbabwe. The concrete systems of decision-making in the two councils are examined and assessed in terms of the extent and form of popular influence. The aim is to assess whether these systems make people’s self-government possible, or whether (and to what extent) ‘the people’ remain objects of government policies, in spite of rhetoric about democracy and popular participation.
Embedded Bengal?
The Case for Politics

Arild Engelsen Ruud

Introduction
In his study, *Embedded Autonomy* (1995), Peter Evans introduces us to the vista of the best-functioning developmentist state. This is one which is embedded in society, that is, it retains close contacts to crucial societal groups together with which the state may pursue its development objective; yet at the same time the state has some other source of might (authority, administration, military) that lends it some autonomy in its relationship with the societal forces. A state thus balancing between dependence on societal forces and destructive distance is not only a complementary state, one that contributes where societal formations cannot, but it is one that exists in a particular kind of relationship with society, a relationship that generates synergy, a development drive beyond the separate forces of state and society. A close approximation to this model has been at the core of the success of certain East Asian states but is also found in isolated sectors elsewhere. This is an interesting model in that it not only reaffirms the relationship between society and state as crucial to development (or intended social change) but sets out to describe and understand the dynamics of this relationship.

To understand the dynamic in the relationship of state and society, is not easy, however. In an article in *World Development*, Evans investigates the preconditions for the relationship of a state embedded in society to generate synergy (Evans, 1996). The list of preconditions is long and detailed, and although the specific constellation of preconditions varies with the different contexts from which examples are
drawn, one is left with a view where embedded autonomy engenders synergy only in rather rarefied circumstances. One of the preconditions, one could argue, is that politics is depoliticised and relegated to the side-shows where it leaves the larger and more crucial development issues to the particular relationship of certain dedicated bureaucrats and a well organised public. Class conflict in particular may have a dismal effect on synergy. Unfortunately these are clearly not preconditions that can be met by most third world societies. This downplaying in Evans’s model of the role of politics is an aspect that reduces the applicability of this otherwise tantalising and insightful model. It will be suggested here that Evans is misjudged in emphasising the development role of a depoliticised state administration. Instead it will be argued that both the development of conditions that appear to be those of embedded autonomy and the will or lack of will to let these engender synergy are fundamentally questions of politics – of political will, of the courage and insight or lack of such among crucial politicians, and of political culture or norms of political behaviour and (informal) patterns of (political) interaction.

A small part of Evans’s monograph deals with the Indian state of Kerala – which represents what he terms an ‘idiosyncratic’ case of embedded autonomy. Evans draws on Patrick Heller’s study of that state, a study that largely endorses Evans’s thesis (Heller, 1996). Kerala has achieved much in terms of distribution of wealth, provision of non-divisible goods, and the creation of a lively civil society and institutions for conflict resolution. In the opinion of at least some, it is a Scandinavia in South Asia. This essay will address the case of another Indian state, West Bengal, and point out that few if any salient differences with respect to the two states’ embedded autonomy can be found. However, the embedded autonomy of the West Bengal has still not developed the synergy of Kerala. Although West Bengal too has seen many progressive reforms, these have been on the road so to speak to preconditions (more equality, local institutions) required for synergy to be a possibility. In other areas of non-divisible goods, in particular health care and education, much less will or development is visible. The same conditions, more or less, have not created the same outcome. In West Bengal organised political will, or mobilised forces, were able to create conditions that brought relative equality as well as redistribution of wealth and power to the countryside. Agrarian reforms, social change, and democratisation and empowerment of local institutions plus a well-entrenched and organised political party created conditions that look like embedded autonomy and that should have caused synergy effects to spill over into other spheres of life.
Embedded Bengal? The Case for Politics

However, in the cases of health and education, progress seems to have stopped short. The essay argues that although there is a political will at the top, and in spite of apparently the right institutions, development in health and education has not taken off because the political ground realities are not conducive. Norms of political behaviour, the role of contacts and networks, what people expect to gain from engagement in politics, all those elements that constitute the microfoundations of a functioning polity or what we could call political culture, set limits to what is achievable, to what type of development effort can be initiated and implemented. I will argue that the manner in which ‘the state’ is linked to ‘society’ at the very local-most level is of crucial importance. Not because this is a privileged level per se but because the ability of a state with very limited resources and dependent on legitimacy to effect changes depends to a considerable extent on the manner in which people are mobilised. Institutions may have a life of their own, but they are still filled with people whose ambitions, norms and expectations count.

The following sections and the body of this essay will deal with the case of the state of West Bengal and will seek to apply Evans’s insights to the educational sector in that state as a test-case. As will be argued, West Bengal is in important aspects no different from Kerala. The very aspects that form the core of Evans’s argument can be found in West Bengal, yet at the same time the same constellation of societal and state forces has not engendered the same kind of developmentist or synergy effects that took place in Kerala. My point is that insufficient attention has been given by Evans to aspects of political organisation, patterns and practices.

1. ‘Political culture’ as a concept in political studies belongs in the 1950s but has had a renaissance lately due possibly to the difficulties involved in understanding – not to speak of predicting – political behaviour in many countries. However, the conceptualisations of it still suffer from serious flaws. To isolate ‘political’ from culture generally is already wrought with difficulties. We may leave that for the purpose of the present context, however, by presuming that we can talk about political culture in the sense of addressing that part of culture that pertains in particular to a behaviour we have already defined as political (rather than dividing ‘culture’ into sectors of presumed distinction). Next we then immediately encounter a second and more obsolete problem in the renaissance of the concept: Its presumed unity and validity for the entire population. Few anthropologists would argue for the unity and cohesion of ‘culture’ anymore. A particular culture (which does not exist!) does not have an identifiable core, a unity of meaning and symbols, or is shared by all people of that society. It is more common to regard culture – to the extent that the term is used anymore – as contested, inconsistent, and a patchwork of different strands and traditions.
The Case of West Bengal

As one among few in India the state of West Bengal has impressed the outside world with its development record. Since 1977 the state has been ruled by the Left Front Government (LFG) based in a coalition in which the Communist Party of India – Marxist (CPM) is the largest constituent. The CPM/LFG has used its strength to bring about wide-reaching changes in the state. According to a recent study, the state ‘…has had a distinguished record in the implementation of agrarian reforms, led the way in the establishment of local-level democracy, broken a long spell of stagnation in agricultural production, and, most importantly, experienced significant reductions in rural poverty and inequality’ (Sengupta and Gazdar, 1997:194). The various reforms – which have radically altered agrarian society – were effectuated through the use of mobilised supporters more than the administrative machinery.

Yet, in spite of this impressive track record, the same study also reports that when it comes to questions of health and of education the record of the same Government ‘…has not been extraordinary’ (ibid.: 193). It has been on par with the all-India average. Indeed, its results have been outdone by states such as Gujarat and Maharashtra – run by far less radical governments. In the study, the topic of health and education is addressed in a paragraph entitled ‘Limited Initiatives’, and the tone is somewhat disappointed when they observe that ‘More could have been expected…’ (ibid.: 194). The fields of health and education have not only an academic interest, but pertain to the question of continued voter support for the CPM. Moreover, illiteracy and poor health are today hurdles to human development and empowerment of the same order that landlessness was when the CPM gained power in West Bengal. Yet the dominant party retains its electoral popularity without having properly addressed these issues.

That the CPM is the dominant political force in West Bengal, and in particular in rural West Bengal, is shown in its impressive election record. The party is the largest constituent of the ruling Left Front coalition on the basis that it has won close to or more than a majority of Assembly seats in all general elections since 1977. Its record in local council elections (the panchayats) is even more impressive, and in areas such as Burdwan district the party holds more than two-thirds of all elected positions. On the other hand, its dominance in the state does not preclude that it functions under severe constraints – financial, logistical, legal – although these are constraints that it shares with state governments all over India, including Kerala and (as noted above) other states with a less radical government yet in some cases
Embedded Bengal? The Case for Politics

more radical developments. After a brief detour to Evans’s outline of the Kerala case, we shall look at first to what extent West Bengal can be considered a case of embedded autonomy, and, second, whether the other relevant features that can generate synergy are present.

Although it is an ‘idiosyncratic’ version, Evans holds that ‘Overall, state-society relations in Kerala embody the contradictory combination of close relations with particular social constituency and insulation from it that characterises the ideal-typical developmental state’ (Evans, 1995:238). The population is mobilised and politicised, and this constitutes both a connectedness of people and state as well as a constant pressure on both the administrative and the representative organs of the state. This embeddedness is complemented by a degree of autonomy which prevents the Kerala developmental from becoming a passive respondent to societal demands. Its autonomy derives from its intermediary position between popular forces and the Union government in New Delhi. The state bureaucracy is subject to rules and regulations formulated not in Kerala but in Delhi. More importantly perhaps, political opponents in Kerala very often have closer political ties to decision-makers in Delhi than the state powerholders (the communists) – a constellation which first created much trouble for the first communist government of Kerala and then toppled it. A last source for the autonomy of the state in Kerala, pace Evans, is the social distance between the peasant population and the elite-recruited bureaucrats (Evans, 1995:238).

These points which Evans emphasises with respect to the embedded autonomy of the Kerala state will now be applied to the parallel case of West Bengal. With respect to its positioning vis-à-vis the Central Government in New Delhi, West Bengal enjoys or suffers from the same conditions that does Kerala; a subordinate state whose government parties have been in opposition to those ruling at the federal level and whose main opposition has been aligned to the dominant national party. Hence the autonomy – which is to be understood in relation to the societal forces with which the state is embedded, that is, the state’s autonomy to act partly in opposition to these forces – is similar for West Bengal and Kerala. Simultaneously, these factors combined set clear limitations as regards room for manoeuvre. Frames such as the constitution, rights of private ownership, levels of taxation, rights of speech, etc., are givens that the state governments cannot change. Lastly, the political distance between Calcutta and Delhi has long been one of the main headaches of the LFG but has also functioned as one of its main explanations for not being able to implement
desired reforms.¹

It may also be noted that the West Bengal state and the CPM party enjoy a leadership with a reputation for both competence and dedication.² This is an important element in Evans’s model. Until recently at least the impression was that West Bengal was not much plagued by corruption, particularly not among its politicians (Kohli, 1990). The party leadership represented a continuation of a tradition of self-effacing sacrifice, leaders lived modestly and inconspicuously. The no-nonsense leadership of Chief Minister Jyoti Basu was an important contribution to this. Both the political elite and the bureaucracy in West Bengal are probably just as socially distinct in Bengal as they are in Kerala. They are recruited from among the upper caste bhadralok, a segment of society which came to be largely defined in terms of its education and white collar employment but which also contains a strong element of upper caste dominance. The bureaucracy too enjoys a reputation for being reasonably competent and dedicated, although there may be some variation between different sectors.³

According to Evans’s model, the dedication or potential dedication of officials in the bureaucracy cannot be expected to bring fruits of developmental synergy on their own, however. Another element that is needed is clearly that of closer ties between society and state – embeddedness. To fully address this we shall make a short detour through the history of political mobilisation in West Bengal.

Brief History of Mobilisation and Reform in West Bengal

¹² This explanation only partly applies to the health and educational sectors, since these are controlled by the state governments.

²³ That the government in West Bengal is competent and dedicated is generally agreed. In the context of the ‘self-deceiving state’, Robert Chambers writes that, ‘West Bengal stands out as an example where political ideology committed to the poor, backed by political organizations at the grassroots, has led to reforms which have largely eluded the rest…’ (Chambers, 1992:41). Numerous studies hold the state in West Bengal to be quite committed, informed and competent. For instance Kohli (1987, Ch. 3), Nossiter (1988), or Lieten (1992).

³⁴ There are no available studies to quantify these remarks, although a qualified view may be ventured. Both politicians and administrators hail from the bhadralok (Franda, 1971; Kohli, 1990) – a social group whose identity has a long history closely tied to the emergence of modern Bengal. This identity is associated – from within and from outside – with a number of ideals and historical precedents: Education, obligation, simplicity (Broomfield, 1968). Historical figures such as the reformer and social worker Vidyasagar and the poet Rabindranath Tagore advocated the obligation of the educated towards the unfortunate. Social work and education are crucial elements, as is manifested in the plethora of volunteer organisations and non-governmental schools. The ideals were prominent incitements for bureaucrats who engaged themselves in the Burdwan district literacy campaign in the early 1990s (Ruud, 1998).
A significant period in West Bengal’s history took place in the late 1960s when the Congress regime that had been in power since Independence was replaced by a loose centre-left coalition. The CPM as part of the governing coalition used the opportunity to engage in broad-scale mass mobilisation of the peasantry (Ruud, 1994). This was a spectacularly successful endeavour if calculated in the number of new members drawn to both the party and its mass organisations. The CPM also sought to use this mobilised force to implement a land redistribution programme. Although quite a lot of land was redistributed, its legality was questionable and most officials were hesitant at best and quite often hostile and unsupportive. Most officials, including the lower rungs of rural administration, belong to the land-owning classes either directly or more indirectly by class or caste affinity. In addition, a patronage system that encompassed local politicians and major landowners had secured a steady career for the compliant official. There was little interest among officials to rock this boat with a few exceptions.

However, this policy of confrontation was not deemed useful in the long run by the CPM leadership. Peasants were hesitant about cultivating land with only dubious rights; working against local officials was cumbersome for a government; and electoral reverses and loss of power deprived the communists of command over the police and the administration. The CPM learnt a number of lessons during this period, and the overall theme of the lessons was that collaboration with broader societal forces was necessary for the mobilisation to have any long-term benefit for the subordinate classes.

In the elections held after Prime Minister Indira Gandhi lifted emergency legislation in 1977, the CPM emerged victorious, gained government position as the dominant constituent of the Left Front, and has remained in power since then. The reforms that have been implemented since then include agrarian and governmental reforms. Among the agrarian reforms the most noteworthy have been: Redistribution of land that had been identified as illegally held under the legislation of the previous regime; securing of rights for sharecroppers (including larger share) but no radical transfer of ownership rights (as had taken place in Kerala); and gradually raising minimum daily wages – a process that has taken place simultaneously with radically increased production. These reforms were implemented with the use of a mobilised mass movement. However, it was not done in opposition to the local administration but in collaboration with it. Land was identified for redistribution and sharecroppers were registered in a com-

\[1\] See articles in Rogaly et al., eds, 1999: Part I.
Arild Englsen Ruud

bined effort of both party activists and government officials. In the struggle for higher wages for land labourers the movement met with landowner opposition. However, party activists exhibited a willingness to go slow and engage in compromises. In many cases compromises were reached that secured local labourers less than their statutory minimum income (Rogaly, 1998; Bhattacharyya, 1999).

The high level of mobilisation dating back to the late 1960s was strengthened and deepened during the late 1970s and the 1980s. This cadre-based party retains a solid network reaching into practically every village and ward up to the state government (Lieten, 1996). Party members and activists are involved in decision-making at all levels of local and state government, including and in particular in the panchayats, the local government institutions that were also reformed by the LFG. These had been dormant since the mid-1960s, and the LFG/CPM reinvigorated these by simplifying the structure (from four to three tiers), allowing political parties to field candidates, and not the least investing these bodies with real executive power – including, from the mid-1980s, the financial means to be of importance locally (Webster, 1992; Lieten, 1992). With its popularity the CPM and its coalition partners have gained most seats in all three tiers of the panchayats in all elections since the first in 1978. The panchayats, as a governmental body, have a formal and close relationship with local officials. Officials have ex officio positions in these bodies and work as the executive arms of the panchayats. In the beginning the relationship was probably somewhat reluctant and awkward, given the traditionally powerful position of bureaucrats in India. However, as these bodies have gained experience and power and their position has become more routinised, they have also gained in legitimacy. Few officials in West Bengal today question the superiority of elected representatives from the level of the Development Block and up.

In short, the history of post-1977 and CPM-dominated West Bengal has been one of class collaboration and collaboration between societal forces rather than the confrontation that was the experience of the late 1960s. The party has a record in working for the poor, in securing their rights and wages, and in working towards the eradication of discriminatory practices (Ruud, 1999). It is, however, still a party manned by the land-owning classes, a party of the rural quasi elite, the reasonably educated and well-off, the middle peasantry and the school teachers, mostly from among the higher castes. This has not made it a

2. ‘The panchayats’ refers to the local government institutions organised in three tiers: the Gram Panchayat (‘village’ level, covering 10–15 villages), the Panchayat Samiti (which covers the development block), and the Jela Parishad (which covers the district).
party of or for the very rich or the highest castes. On the whole its policy orientation and ethos are generally thought to be pro-poor. More crucial criticism has been raised over its reputation on another point, namely that the CPM has not been radical enough, that it has been too willing to compromise and has become a party of the establishment, too used to seats of power for its own good. On the other hand, this criticism may well be read as an indication of its willingness to constitute precisely that bridge between societal forces and the state (Kohli, 1990). With this background – experience, dedication and competence, mobilisation and organisation, and a history of reforms – one could expect the state to engender reforms also in other sectors of vital interest to the poor. If Evans’s model is right we would expect the state in West Bengal to have the capacity for formulation and implementation of programmes of social or economic change. In the following sections, dealing with the educational sector in West Bengal, we shall see that even if this capacity was arguably present, the effect was far from Kerala’s experience. In doing so we shall focus on other relevant factors that may help explain this situation.

Education, Literacy and the Primary School Teachers

Different developments put the issue of primary education higher on the list of priorities in the late 1980s and early 1990s. The issue of literacy has been on the agenda in India for a very long time but was given renewed attention. Among the reasons for this was, not least, the successful literacy drive in Ernakulam district in Kerala and its pronouncement as the first fully literate district in India. District administrations all over India wanted to follow suit, including two large districts in West Bengal (Burdwan and Midnapur) that sought the prized position as the second fully literate district. Another development was increased scholarly attention to the issue, which caught the interest of a number of influential people. Lastly, the thought that literacy constituted an important element in human and social development had existed for at least a century in Bengal, since the efforts and model of Vidyasagar and Tagore among others.

At the time when news reached Bengal about the Ernakulam success, the formal education system was not in a state of glory. Although things were probably not as bad as in certain states in North India (Kingdon, 1996; Drèze and Saran, 1993), the primary school system still suffered under problems like teacher absenteeism, high drop-out rates, poor and inadequate buildings, low teaching standards, and poor
reading material. In spite of primary schools in nearly every village, the literacy rate was still less than 50 per cent. In the main, it was the lower castes and the poor who were illiterate (Sengupta and Gazdar, 1997). The development over the decades since Independence had been that most middle and upper castes had gained literacy – a fact that reinforced social divisions otherwise being built down.

In the first half of the 1990s, initiatives aimed at improving the literacy rates came at two different levels: The formal school system witnessed several campaigns and programmes that aimed at improving standards in primary schools. These include Operation Blackboard, in which the village panchayats were asked to secure blackboards for all rooms in the schools under their jurisdiction; the Special Orientation Programme for Primary School Teachers (SOPT) which sought to update and improve primary school teachers’ skills; and the more experimental Ananda Path (or ‘Joyful Learning’) which sought to improve the learning environment in primary schools through posters, a free lunch, and pedagogic improvements. More or less simultaneously yet representing a different type of activity, a mass campaign aimed at securing rudimentary reading and writing abilities for illiterate adults was initiated in several districts on the Ernakulam model. These programmes and initiatives were not paper tigers. On the contrary they generated enormous interest, mobilised people in the hundreds of thousands, even millions,¹ and engaged the administration as well as the political and representative systems. Government programmes not only had the blessing of powerful politicians but enjoyed their keen interest. The implementation of the Joyful Learning programme in Burdwan district was the particular pet of the second-in-command at the district council (the Upasabhadhipati of the Jela Parishad) who is ex officio chairman of the district school council. District party leaders as well as the respective District Collector and Magistrates constituted the driving forces behind the mass mobilisation programmes. Interviews, however, suggest that although a number of important politicians lent their clout and were personally engaged in these issues, they did so as individuals with a position and not as representatives of a political organisation. The actual interest of the dominant party and of the government is said to have been rather limited. If the funding is anything to go by in a relatively poor state, then this suggestion is supported by the fact that funding for both the informal literacy campaigns and the more formal government programmes was

¹The literacy campaign in Burdwan district mobilised about 1.3 million learners, of whom 1.1 million were adult learners; moreover 100,000 voluntary teachers and an unknown number of activists, organisers and supervisors were mobilised (Ruud, 1998).
Embedded Bengal? The Case for Politics

extremely limited. In the SOPT, for instance, funding covered only the costs of the school teachers’ lunches during the week-long course. The course itself consisted of lectures given by selected school teachers who had been given an advance course elsewhere. The ‘Joyful Learning’ programme consisted in the main of enthusiastic teachers and school officials, posters, and a ‘free lunch’ of biscuits.

These various initiatives were successful to a certain extent, although the overall aim of fully literate remains a distant dream. The success has particularly been apparent in raised awareness about the need for (and right to) education, and in enlisting more children into schools. There are various reasons why the programmes failed to reach their goals – too high hopes certainly being one for the mass campaigns. What we shall see from the following exposition of the implementation process of the government programmes and how it affected school teachers, is that what seems to be lacking is the political will to lend sufficient (non-financial) support to programmes where these create unpleasantness for individuals. Exceptions are created for individuals. Whole groups are being shielded by a party that is reluctant to demand sacrifices. Interestingly, these individuals or groups need not even be particularly important – although one may argue that as a group at least the school teachers are. This is probably not so much based on a conscious policy as it is based in political reflexes. Popular perceptions of how people in important positions should behave and what kind of goods they should supply have conditioned the behaviour of local and not-so-local politicians. These go contrary to the designs of the state these at the same time represent.

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28. To accuse a cash-strapped state of not spending sufficient is perhaps not entirely fair: Limited state resources have many takers. However, in interviews observers and participants were clear in pointing out that the active support was limited to individuals and sectors of the government rather than the whole political establishment.

29. Rural teachers constitute a core link of CPM activists. No firm evidence supports this observation but incidental evidence is ample. They figure prominently in the party membership rolls and in elected positions (the panchayats, as MLAs). Harihar Bhattacharyya’s detailed study of the social composition of the CPM in Hugli and Burdwan districts finds the ‘middle classes’ to be numerically prominent (1998: ch. 5); in Burdwan district as much as 20 per cent of all members in 1994 (down actually from 25 per cent in 1989). This figure did not include businessmen. ‘Middle class/ Intellectuals’ contributed around 60 per cent of delegates to the District Conferences in 1981, 1988 and 1991 (p. 160). Apart from numerical dominance, which is less at lower levels, the middle classes are dominant in terms of political influence and command over leadership positions. Government employees contribute to the middle class category in urban localities, whereas in the countryside a great proportion will be school teachers. The origin of the radical politics–school teacher connection dates back at least to pre-Independence days (Ruud, 1997). School teachers are not alone in leftist politics but constitute a group with several advantages in that respect: More than common fluency with letters; belong to a social group (high caste and reasonably well off) with connections in important places; and more than usual amount of free time.
weakening the ability of the state and its supporting institutions to carry out developmental reforms.

**School Teachers’ Lamentations**

An interesting backdrop to these developments is what seems to be an increasing sense of insecurity among school teachers. There are both positive and negative aspects of the developments in school teachers’ position over the last twenty years—regular and ordered salary payment is among the chief positive developments, great difficulty in getting one’s due pension is a major negative one—yet the overall assessment seems to be one of loss of status and security. In general the social status of school teachers has deteriorated, according to themselves. That they have to pursue bureaucrats for years on end to get their pension is an indication that their position as state employees is no longer as valued as it once was. More importantly, school teachers’ wages have not increased on par with the income increases of certain other sectors of society, such as rural business men. Hence their general regard in society, their prestige and status, has declined significantly. ‘How do you think it feels’, one teacher asked me, ‘to meet one of your former students, barely five years out of school, and he earns two and three and four times as much as you do? After a whole life of teaching?’

The comparison is with the well-off sections of village society, and although such a comparison may be historically inaccurate, it is probable that the status accorded school teachers exceeded their pay role until some time back. But not so anymore. Nowadays, at least in regions such as Burdwan, business has become an opportunity an increasing number of people turn to. Besides, agriculture-related business is a sideline that has offered many peasants extra income. Villagers in general, it is held, find it difficult to respect someone who has spent such a long time getting an education and then earn so little from it. There have been some changes in the established patterns of village society, where seniority and caste normally went hand in hand with wealth and hence with respect and influence. This is not so any more, and causes much consternation among a group that has not been able to take advantage of the new situation, namely school teachers.

Yet another development is causing anxiety among school teachers. Over the last few years increased attention on school teachers’ attendance and fulfilment of their duties can be felt even in villages. It is a commonly held view that school teachers tend to come late, teach little and leave early. In other parts of India, this is a well-documented

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1. Interview with Santibabu, school teacher in Udaynala.
In West Bengal the problem was much debated. No doubt school teachers in particular in villages have tended towards a rather lax understanding of their own teaching obligations. At a meeting with a primary school teachers’ union, senior CPM leader Biman Bose ‘castigated a section of teachers who […] were notorious for shirking their duties’. Newspapers have also increasingly focused on the poor conditions in primary education as a major social and developmental problem in India. Scholars such as Amartya Sen – important and renowned even before becoming a Nobel laureate – helped put this problem on the map of human development. That he is Bengali has probably given extra impetus to this topic in the Bengali press, including the Bengali language press.

Put together with the importance given to the programmes and the literacy campaigns, all this has generated more local awareness on the functioning of primary and secondary schools and the contribution of teachers. Although such subtle changes in attitude are impossible to quantify, the general impression from interviews with parents, teachers and politicians is that there is a change of attitude. Parents have become more demanding in their relations with school teachers, expecting them to be present at the opening of the school in the morning and teaching throughout the day. In an incident in the village of Udaynala in which all three primary school teachers came well after the children one morning, the teachers as they arrived were first berated by angry parents for having left the children to their own devices, and later the same day at a hastily convened meeting scolded by village politicians for not fulfilling their duties.

The LFG, however, has not found it within its means to improve the funding for each school and most schools are located in buildings of very poor conditions, with leaky roofs, cramped quarters, and poor drinking water facilities. There are far too few teachers, with the teacher-pupil ratio commonly between 1:60 and 1:100. In short, school teachers in village schools are under double pressure. Squeezed for status as underpaid teachers in cramped quarters they find to their ignominy that demands on their performance threaten to become more vocal and gain more support. The consequence of this is an increased need for ensuring that this attention is made less threatening. As we shall see this can be ensured through close contacts in the ruling party. First we shall see, however, that even if the overall situation is somewhat threatening it is also characterised by accidental implementation.

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3. Similar incidents have taken place in other villages; I mention Udaynala because I lived there and witnessed the incident.
Government Programmes and the Processes of Accidental Implementation

Lack of funds is one aspect, lack of energy in implementation is another. In contemporary Burdwan one can, however, find examples of developed awareness and attention in one place and the complete lack of it next door. This can be seen from the following comparison of two adjacent primary schools, both in the village of Saktigarh, close to Burdwan Town. On a Wednesday morning I joined the local SI (Sub-inspector of schools) on his surprise inspection of the schools – both part of the ‘Joyful Learning’ programme. It may be recalled that the ‘Joyful Learning’ programme enjoys the full support of major politicians in the district and was initiated in Burdwan through the direct intervention of the second-in-command in the district council.

The SI and I reached the first school at quarter to nine – the school was to open at nine – and found none of the teachers present. A few of the pupils were playing outside. At quarter past nine one older boy came from a nearby house with the keys to the school, and opened all the class rooms. At nine forty the first teacher came, five minutes later the second, and nine fifty the head teacher. A fourth teacher came at ten past ten, and the fifth would not come, the head teacher told us, since there was a wedding in his family. All of them were thoroughly embarrassed at seeing us and made various excuses for their delays. When asked to procure the registry of teachers’ attendance the head teacher was most embarrassed and made many excuses and delays. Finally he found it and we could see that it had not been filled in for weeks. When asked about the ‘Joyful Learning’ posters some torn posters were found in a corner and hurriedly nailed to the walls. The walls were dark, furniture broken, the cabinet unlocked, and one door on its hinges.

Afterwards the SI told me that this was a ‘bad’ school and they probably always came late. The fact that the boy – whose father was the custodian of the school keys – did not bother to turn up until 15 minutes after official opening gives credence to the SI’s statement. The school’s former head teacher had been transferred three years earlier, and the one I had met was only functioning head teacher. The government had not yet appointed a new head teacher. This was in part because a school board had not been elected after the term of the last one lapsed. Finally, the SI confided, this school was located in a Muslim neighbourhood, and the Muslims did not care so much about their
children’s schooling and did not complain on the teachers. Besides, the Hindu teachers did not care much about the Muslim children, he alleged. Whatever the immediate reason, it is clear that there was no energetic and interested follow-up of the programme in the case of this particular school or of its general condition.

The school constituted a striking contrast to the other school I visited that morning, a short bus ride up the road and within the same panchayat. This second school was a model school in terms of implementation and fulfilment of the ‘Joyful Learning’ programme. Walls were decorated, posters and the children’s drawings were displayed, and the teachers dedicated and enthusiastic. The top quality of this school was due to two factors, I was told. One was the presence of a former teacher of the school, a retired man who spent his whole days in the school to help out. He was a most enthusiastic follower of the ideas behind the programme. Another factor was that a former head master of the school was presently the chairman of the local Gram Panchayat. Whether he was devoted to the ideas behind the programme or not, he made sure that ‘his school’ did not lack anything. When the minister for education toured this area to inspect the programme, he visited the exemplary school and not the under-performing one down the road.¹

What is interesting is that two such cases can exist side by side, in the same area (village council area, or Gram Panchayat). Whatever the actual reason for the poor condition of the first school and the quality of teaching there, it is striking that such school can exist and continue to exist for a long time in the middle of an area in which a pilot project in pedagogy was underway with full political support and a measure of prestige involved. This example of sloppiness attention to the needs of the parents and pupils at one school and the exemplary and enthusiastic implementation of pedagogic programmes at another in the same locality graphically suggests the erratic manner in which programmes are sometimes implemented. The programme seems well implemented in one place because of a political connection, and not at all in the first place since no one had taken an interest. In a highly fragmented polity this type of accidental implementation could have been expected. But it is interesting that the party as a cadre organisation or the experienced local governmental bodies are unable to catch hold of such discrepancies.

This case seems to suggest that the party is often unable to make its might and presence felt, that there are circumstances in which the

¹. Which goes some way to suggest that what Chambers (1992:36) terms ‘Rural development tourism’ is also found in West Bengal.
party or the state simply does not have the capacity to follow through its own objectives – in spite of wanting to. In the following I shall suggest that there are no lack of instances in which the party chooses not only not to follow implement official government policy but instead actively intervenes to hamper the due process of administration.

Government employees including school teachers are excused from their normal working hours if the time is spent in meetings or other politically relevant work. Not unexpectedly it is a common lament among SIs that school teachers who double as local politicians spend inordinately much time away from school. Although absence is accounted for in the school registry, this cannot be double-checked (for instance, by making inquiries at a local party headquarters) without arousing likely trouble. Besides, the SI, who would be doing the double-checking, has some fifty to sixty schools under his or her supervision and can spend only a short time at each one.

In one case, however, inquiries were unusually enough made concerning a much absenting school teacher in the market-village of Shyambajar. This was a very minor teacher trade union activist of only local political influence, and he absented himself so much that his colleagues ventured a complaint. The SI in charge of the school gave him a warning, which was ignored. After more futile warnings the SI decided to take the matter to the higher authority, the head of the local panchayat (the pradhan). The pradhan sat on the matter for several months, and finally sent a deputy (he did not go himself) to talk to the school teacher in question. This had the desired effect, and the teacher now turned up more regularly and punctually. After some months, however, he lapsed back into his old pattern. His favourite hang-out was the local party office and the market area next door, and in both places he entertained friends and contacts who gave him good protection. The SI then decided to inform his superior (the District Inspector of Primary Schools), who forwarded the matter to the School Council Chairman (a position filled, as mentioned, ex officio by the second-in-command of the district council) – a person who enjoys considerable political influence. A reprimand was now sent from the district school administration to the local panchayat office and forwarded to the erring teacher. The severity of having a reprimand from the district school administration was sufficient for the teacher to mend his ways considerably, and for a long time. In the end, however, he was not able to keep it up and after several months of improved behaviour he again lapsed into old habits. Close to two years elapsed before I heard of the matter and nothing had been done in the meantime.
It appeared that all means of persuasion had been exhausted and the matter would be left there. So why is he not given notice? ‘Oh no!’, answered the SI. ‘Teachers are not fired over an issue like this. The party would never allow it.’ Teachers are rarely fired even if grossly absenting and otherwise neglecting their tasks. At the most they are transferred to less attractive areas or schools (such as tribal areas, schools in poor neighbourhoods, in isolated villages). But transfers too can be manipulated if you have the right contacts. In this particular case, the party had eventually involved itself, reluctantly, on the side of regulations, but in the end it seems to have acknowledged that the weight of local political influence and contacts must take precedence over administrative rules. Or over the interests of the school children or the teacher’s colleagues. This kind of intervention (or non-intervention, as it were) is what in Bengali is known as ‘politics’. ‘Politics got into it’ is a common phrase for suggesting that someone higher up intervened and some rule or regulation was ignored. It takes place in all sectors of the state, not only the school administration. What is interesting with this intervention is that given the right contacts the party can be relied upon to help dodge unpleasant effects of even official government policies.

Here we again encounter a paradox, namely the existence – and quite clearly so – of progressive government policies that do have an effect locally. The state does follow rules and the needs of its own professed developmentist rhetoric. Teachers do get transferred, and in a great number of cases the reason is administrative, not ‘political’. It is, 14. This slight piece of evidence was corroborated by the School Council Chairman himself. I asked him about what happens to teachers who absent themselves from work or who otherwise prove themselves unfit for teaching, and he answered that in his (then) eight years as Chairman they had fired only two individuals. ‘Our teachers are dedicated and we have no reason to fire anyone.’ This sentiment is probably not shared by all villagers. School teacher trade unions are as all other trade unions affiliated to one or the other political party – mostly one of the Government parties, in particular the CPM. The largest and almost dominant union for primary school teachers is the ABPTA (All-Bengal Primary Teachers Association, a.k.a. the Nikhil Banga), associated to the CPM. There are many different types of organisations in rural Bengal, but most are closely affiliated to one or the other political party and make up no more than an excuse for a civil society. In the main they are dominated by the CPM. (The CPM, writes Bhattacharyya (1998:7), ‘has left hardly, if any [sic], institutions of importance beyond its penetration and control.’) It is common to find representation in village Bengal of organisations such as the DYFI (youth wing), the SFI (student wing), occasionally the Mahila Samiti (women’s organisation), and almost invariably the Krishak Samiti (the peasant organisation). These are frontal organisations of the CPM, not independent organisations. Membership is high, and it is very rare for a school teacher not to pay his membership fees in the ABPTA or not participate in the ‘mass actions’ to which the leadership give call. The few who do not participate are most often members of rival organisations – Congress- or BJP-affiliated ones.

1. Politiks dhuke gelo.
for instance, government policy that there should be no single-teacher schools (as one instance of illness would render the school teacherless). If compulsive circumstances necessitate the transfer of someone from another school, then this will be done as a matter of administrative routine. The logic of the situation is such that someone will have to be transferred, with or without his or her own consent. Often a willing candidate is forthcoming (it may be closer to his or her original home). If not, someone will be selected from a teacher-surplus school, preferably in the vicinity. The school teachers’ lamentations and general unease at the mounting attention on their performance are testimony to the potential efficacy of government intervention and individual teachers’ feeling of vulnerability faced with official might.

Government programmes can be potentially harmful to the individual. Administrative routines and regulations are followed by officials in bureaucratic positions who have written orders to follow and formulated programmes to implement, which they often most seek to do. A written order is written and will stand until cancelled by another order from the same or a higher authority. Such orders and programmes have consequences for people and disrupt their lives – sometimes for better, sometimes for worse. And it is here that ‘politics’ can start getting ‘into it’. To avoid the sometimes undesirable consequences of government action, contacts have proved to be useful, contacts that can insulate one from such dangers, make someone turn a blind eye, or that might even ensure the cancellation of an order. The clue here is that the party – not ‘the state’ – provides such services.

The ‘political connection’ can naturally also provide a very different kind of service, such as access to state resources. This was the case of the second (exemplary) school in Saktigarh, where the teachers have been disciplined enough to come early and work hard. Here, immaterial benefits accrued to the local parents but more notably in the form of prestige for the local chairman and former head teacher. An enthusiastic retired teacher helped the project substantially. The other teachers disciplined into partaking in the project were perhaps smitten by the volunteer’s enthusiasm but probably also by the knowledge that a successful project – one that could be visited by the minister – also entailed a good basis for approaching the local chairman if need be.

Evans in West Bengal, and Kerala

Naturally, most vacancies are announced and a new entrant to the profession fills the gap. However, sometimes a suitable candidate cannot be found (unattractive school/area) or the Circle has an above average teacher-pupil ratio.
From the brief exposition of the educational sector in West Bengal and a detailing of incidents and local differences, a profound ambivalence appears in how ‘the state’ interacts with society. On the one hand there is the administration, which will try to implement programmes and objectives formulated in the ethos and corridors of the developmental state (à la ‘Joyful Learning’) – at least until it meets with some opposing force. On the other hand there are the political considerations of the political wing of the state, which tends to negate the initiatives and efforts of the administrative wing where these have negative consequences for influential groups or individuals. Potential voters are in a way kept on a leash: There is the constant ‘threat’ of being subjected to administrative bureaucratic disciplination. The one way out of that threat is via political connections – connections which are maintained through an involvement with the party and its electoral objectives.

Returning to Evans’s argument, we could argue from the case of West Bengal that the state here is both embedded and autonomous (there is close contact yet the party/the state has independent means for policy formulations and implementation). But what explains the idiosyncrasy of the West Bengal state when it comes to its lack of success in the educational sector is the manner in which it is embedded, that is, not so much the depth or nature of the state–society relationship but the manner in which this relationship is worked out, the everyday practice of the connection of political forces to societal forces. Evans is superficial in presuming on the nature of interest group formation and puts a greater emphasis on the formal organisation of collectivities than is warranted by practice. As I have tried to suggest, the quid pro quo relationships, the role of the individual politician and the party’s custodian line, all point to a political environment where the individualised relationship plays the larger role, where particularist relationships take precedence over predefined (organised or unorganised) ‘interest groups’. The praxis of politics in such an environment is to assist – to assist in lessening the exacting burden that bureaucrats or parents put on teachers, or to assist in obtaining access to scarce state-controlled resources. True, the zealous teacher is applauded, but at the same time the recalcitrant teacher is rarely punished. The force behind the bureaucrat’s decisions is reluctant; it wants development but not the broken eggs. The political logic is such that it renders ineffectual efforts that have unpleasant consequences to someone somewhere, provided these have political contacts.

The Evanesque ‘autonomy’ of the state in West Bengal cannot be understood until ‘the state’ as a reified category has been disaggre-
Arild Engelsen Ruud

gated. I have made the simple point that at the very basic of levels a differentiation must be drawn between the political (representative) system and the executive system (the administration). But I make the further point that the ‘idiosyncratic’ nature of the state-society interface is vital to the state’s capacity since it pertains to its mode of functioning locally, to its implementation capacity. From West Bengal I have argued that the rules and regulations of the administration are persuasive enough to create a special type of leverage for ‘the state’ in its dealings with society. But not used in a cohesive manner to press for developmental changes they are instead used to perpetuate a particular kind of political constellation. One part of ‘the state’, namely the political system, has established itself as a broker between society and the other part of ‘the state’, mediating, negotiating and compromising. In doing so, it thrives on a political logic (‘culture’) which is that of local (segmentary) society – and its ability to do otherwise is limited in a democratic set-up. But from a developmental point of view, it appears as schizophrenic: Pressing for reforms and then reap benefits from protecting those who get hurt or by providing limited goods to those committed to the party’s continued power.

With this outline of how politics at the local level is practised – political expectations, patterns, culture – we return to Evans’s model. In order to hold the case of West Bengal up against Evans’s model we also need to address more closely how he sees the case of Kerala represent a form of embedded autonomy, one that proves that embedded autonomy can lead to synergy, albeit in an ‘idiosyncratic’ fashion. The aim is to pinpoint what relevant factors have been left out of Evans’s model and that can be added to explain the success in Kerala and the failure in West Bengal.

In the summing-up article in *World Development* (1996) Evans outlines important aspects of embedded autonomy and how it can be brought about, drawing on material from five to six other studies, including Heller’s Kerala material. The elements under the subheading ‘Context and construction in the creation of synergy’ are grouped into three sections: Social capital, government organisation, and politics and interests. The first deals with aspects of society – networks, trust, engagement. The second deals with aspects of the bureaucracy (‘Government organizations’ means largely organisation of the bureaucracy) – coherence, sophistication, robustness. And the third section deals with politics and organised interests. We shall focus on this latter section, though it is important to note that the two former are also clearly of interest.

With high levels of social capital and bureaucratic coherence and
Embedded Bengal? The Case for Politics

dedication, conditions for the creation of synergy are almost met. Almost, because as Evans points out, ‘Political regimes no less than bureaucratic structures condition the possibility of synergy and social capital formation’ (Evans, 1996:1127). He takes the bull by the horns and suggests that political competitiveness may have a ‘salutary effect’ on possibilities for synergy. However, there are a number of preconditions for this to happen. First there must be accepted rules of the game. Lawful and corruption-free conditions can be readily appreciated as necessary for competition to have a positive effect. But then he seems to stray into a different terrain. ‘The forms and nature of political competition depend, of course, not only on the effective normative context, but also on the nature of underlying social conflicts’ (Evans, 1996:1128). Relatively egalitarian social structures draw more synergy advantage out of political competitiveness, and inequitable structures ‘may be an important obstacle to constructing synergistic relations, or at least in constructing such relations with subordinate groups’ (Evans, 1996:1128). Class-based or conflict-ridden societies cannot expect to develop synergy. However, an exception to this rule may be brought about in cases where state actors ally themselves with subordinate social groups. ‘Reformist’ state actors – and it is public officials, not politicians, that Evans has in mind – who harbour ‘visions of changing the societies they govern’ may circumvent the power of the elites in a class society and thereby contribute towards the conditions that bring about synergy (Evans, 1996:1128). In other words, even if politicians are not reformist and development-minded, all is not lost if only a dedicated bureaucracy is left to rule the day. When Evans writes that political competitiveness may engender synergy it is on the precondition that there is ‘adequate administrative infrastructure’ capable of handling the ‘incentives’ from political competitiveness (Evans, 1996:1127). What he seems to be saying is that synergy may still emerge in such circumstances if a capable bureaucracy is able to nullify and exercise damage control vis-à-vis the excesses that result from the political turmoil of a class-divided society.

The vista is one where competent and visionary (but unelected and unrepresentative) bureaucrats are the true heroes of development while politicians must learn to behave and preferably confine themselves to minor issues on the side line. We don’t need revolution or social upheaval; on the contrary it will be all right if only competent civil servants and honest citizens can work together in this piecemeal fashion and a few other factors are in place. But preconditions of equality, functioning democracy, competent bureaucracy, and law and
order are not normally met in developing countries, besides being difficult to establish theoretically. A theoretical model that presumes such qualities is in serious ways flawed.

The problematic attribution of privileged importance to particular balancing constellations between unattached state officials and reasonably cohesive societal formations becomes acute when we turn to the question of where to place the political system – is it state or is it society? This is an unresolved element which also comes out in Heller’s (1996) description of Kerala’s recent history, where organised political movements (the CPM and its affiliates) at one point represent society and at another the state. It is this flexibility which allows the model to work, at least in this particular case. Heller focuses on the formal and the informal industrial labour sectors. Kerala, he writes, had one of India’s worst records of labour conflict, militancy and state intervention. The largest unions were affiliated to the CPM, one of the two main contestants for state power.¹ The high level of labour conflict adversely affected productivity, growth and investment.

As industrial growth and employment stagnated, it became increasingly clear that militancy was exacting too high a price. When the CPM came to power in 1981, it abandoned its past strategy of using the state ‘as an instrument of mass struggle.’ The subsequent CPM ministry (1987–91) openly courted private capital (including the once demonized Tatas), restrained its powerful labor federation (the CITU) and called upon the working class to develop a new ‘work culture,’ the Party’s euphemism for labor discipline. Organized labor had come to terms with the inherent limits of redistribution in a subnational state and recognized the need to compromise with capital (Heller, 1996:1060–61).

Heller proceeds to point out that the decision was not taken in isolation. Class-based unionism alone was not sufficient. ‘[T]he coordination of interests must have a sound material and institutional basis if compliance is to be secured. [...] Such coordination is not, however, given by some larger economic necessity. It must be concretely shaped and managed. It must be institutionally and politically embedded’ (ibid.: 1062). At the different work places, workers and unionists as well as management needed the feeling that there was an institutional basis, strong and persuasive enough to ensure that the compromise or agreement was adhered to.

This is no doubt a significant aspect. I suggest, however, that the

¹ The other contestant is the Congress (I).
role of embedded autonomy seems rather meagre compared to the important role that political decisions have had in creating the situation that he describes. The problem is that the model hides the significant contribution to development that in the case of Kerala in particular but with a more general application as well is made by political parties. In Kerala, pace Heller, the CPM at one point represents the divisive forces in society, in opposition and demanding excessive bonuses for its union members. At the next point, some years later and when the party is in government position, the CPM represents the Labour Department and ‘the state’. The moving force behind the reform, however, was still the same party. It needs to be pointed out that the party in question in Kerala was a branch of the party at the same time in power in West Bengal, again a branch of a national party. The decisions on ‘work culture’ or class compromise were not those of the Kerala branch alone but applications of a revised strategy worked out by decision making bodies of the party at the national level. The change of policy towards more collaboration with other societal forces and away from confrontation took place both in the labour and the peasant fronts and was based in a consideration not only of the Kerala situation but of the other states and the national scene as well. This change of policy had consequences in other states and on other fronts as well.

End Points

When it comes to the potentially beneficial or potentially damaging role of politics in effecting social change I believe Evans’s model suffers from a serious short-coming. This renders it inapplicable to most third world contexts in that it presupposes a very high level of political quality in order to function. West Bengal shares the characteristics that Evans and Heller pick up in Kerala’s case to explain why embedded autonomy engendered synergy there, so in itself this does not explain West Bengal’s lack of progress. The difference lies not so much in the patterns of institutionalised organised interests per se but in the interface of the political system, the pattern of the organisation of interests, on the one hand, and the citizenry on the other. It is not the manner in which people are organised that matter but the reason – what people expect from their involvement – that seems to be the crucial factor.

An investigation into changes in the CPM's policies can be found in Dwaipayan Bhattacharyya, 1999.
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Embedded Bengal? The Case for Politics

Summary


Starting with Peter Evans’s ‘embedded autonomy’ model on the interface of society and state in developing countries, the article seeks to investigate the applicability of the model to an Indian state, that of West Bengal. It is argued that although preconditions are met for the particular constellation of embedded autonomy to generate synergy, this still does not take place in several sectors of society, in particular in education. Rather than institutional arrangements a more profitable angle lies in the manner in which ‘the state’ is linked to ‘society’ at the very local-most level, how political interests are worked out and groups are balanced against each other.
Developing Countries versus Multinational Enterprises in a Globalising World: The Dangers of Falling Behind

Rajneesh Narula and John H. Dunning

1. Introduction

The nature and extent of the interaction between multinational enterprises (MNEs) and governments of developing countries have undergone several dramatic shifts over the postwar era. Partly, this is a result of fundamental changes in political ideologies and in the economic systems associated with these ideologies. This has led to a wide variety of policies, attitudes and actions by governments towards MNE activity, which has spanned the continuum between the laissez-faire, neo-liberal approach maintained by the pre-1997 Hong Kong government and the structural adjustment programmes sponsored by the World Bank on the one hand, and the centrally planned administrative systems of Eastern European countries and the People’s Republic of China on the other. This heterogeneity of policies is, in itself, unsurprising, given the different stages of development and economic structure of these countries. However, overarching these variables, and influencing them, has been the radical reorientation of development strategies by many developing countries over the past two decades from those of an import-substituting and inward-looking variety towards those encompassing outward-looking and export-oriented goals. These developments have led to an even wider variety of policy orientations as countries have undertaken structural adjustment programmes, while preserving certain elements of their former regimes.

The present thrust towards MNE-friendly attitudes by governments dates back to the early 1980s, and can be prescribed to broad changes in the world economy which generically (although not always appropriately) have been described as ‘globalisation’. Economic globalisation, as used here, refers to the increasing cross-border interdepen-
Rajneesh Narula and John H. Dunning
dence and integration of production and markets for goods, services and capital. This process leads to a widening of the extent and form of international transactions, and to a deepening of the interdependence between the actions of economic actors located in one country and those located in others (Dunning, 1997). It is important to stress that globalisation is a process and not an event. The primary determinants of globalisation have been (i) the rapid development of information and computer technologies (ICT) and the continued fall in real transport and transaction costs; and (ii) the renaissance of democratic capitalism and the free-market system of allocating scarce resources. However, globalisation has not affected all countries and regions to the same extent, especially in the developing world. While a small handful of developing countries have prospered, a vast majority have experienced a corresponding divergence of their income levels and consumption patterns away from their counterparts in the industrialised world.

This has resulted in what is essentially a dichotomy of countries, that is, a widening in the income levels of the wealthiest industrialised countries (and a handful of wealthier developing countries) at one extreme and the poorest countries at the other. Indeed, as argued by Gray (1996), globalisation, while benefiting the middle-income developing countries, has so far brought relatively few economic gains to the least developed countries, for instance, most of sub-Saharan Africa.

These related processes have fundamentally altered the relationship between MNEs and governments, as both institutions have adjusted their strategies and policies to the realities of the new global environment. Although a growing number of developing countries have adopted development strategies that increasingly rely on inbound foreign direct investment (FDI) to upgrade their indigenous resources and improve the competitiveness of their domestic industries, most have been unable to replicate the success stories of the Asian newly industrialising countries (NICs). Essentially these countries are stuck in a vicious circle, which, in great measure, is due, in part, to their failure to improve their human and technological infrastructure, macroeconomic policies and institutional frameworks. This vicious circle is also exacerbated by the increased competition for FDI inflows among the developing countries, which has led to a dissipation of potential net benefits from MNE activities through a series of locational tournaments (Mytelka, 1996).

This article is organised as follows. The next section traces the changing geographical configuration of MNE activity and of econo-
Developing Countries versus Multinational Enterprises

Economic growth over the past two decades, and the changes in the nature of interaction between governments and MNEs. We go on to suggest reasons for the widening of income gaps in a globalising world, and evaluate the respective roles which MNEs and governments may play in reducing them. The article then ties the competitive position of countries with the role of MNE activity. The last section presents some policy implications for developing economies, emphasising the need for MNEs and governments to view each other’s roles as complementary, since the upgrading of resources and capabilities of countries improves the net benefits to both parties.

2. Economic Globalisation, Economic Growth and Governments

The relationship between MNEs and democratic national governments is governed by a fundamental difference in the objectives of each. The MNE, as with most private economic entities, desires to maximise the welfare of its owners, while the national government should wish to do the same for its citizens. Although not a zero-sum game – even where the relationship is not confrontational – the failure to find common ground often results in a sub-optimal outcome for both parties. Indeed, in the 1970s, most governments viewed MNEs with a certain amount of hostility. Since that time much has changed, with both MNEs and governments coming to realise that each has much to offer the other; and that a co-operative rather than an adversarial association may best promote mutual interests. In the 1990s both players are taking a more systemic and integrated approach towards upgrading their resource creation and usage, and maintaining their long-term competitiveness. This has led to a more pragmatic approach by national governments to MNE activity. Such a shift in approach and attitude, especially among developing countries which hitherto have had a confrontational approach to inbound FDI, must be seen in the light of dramatic events that have taken place in the world economy. Before examining the changes that have occurred in the government-MNE interface, it is germane to understand the underlying reasons behind these changes, not just in the interaction between these two sets of actors, but within each set of players. While there has been a tendency to classify much of the changes of the past 20–25 years under the heading of ‘globalisation’, this entails a simplification of several com-

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1. This is used in the sense suggested by Nelson and Winter (1982), namely that firms can in reality only satisfice – since they are boundedly rational, they maximise within the constraints imposed by their lack of perfect information.
plex phenomena which, together, have fashioned a reconfiguration of the world economy and the way in which it is organised. In particular the last decade of the 20th century has seen a reorientation in the socio-institutional structure of democratic capitalism from hierarchical to alliance capitalism (Dunning, 1994, 1997), and an increasing rapidity of technological change. The latter factor has increased the threshold of location-specific assets needed to sustain economic growth (Cappelen and Fagerberg, 1995).

Despite this new era of economic pragmatism and the increased cooperation between MNEs and national governments, globalisation has not occurred evenly across industries and countries. Indeed, there has been an increased economic segregation of countries into three broad categories. The first consists of the wealthy industrialised countries which, over a few decades, have experienced a convergence in income levels, consumption patterns and technological capabilities. The second comprises the (primarily Asian) NICs, which are also catching up and converging with the first group. The third category is made up of a large number of developing countries, which far from converging with the first and second group are in fact diverging away from them, either because they have ‘stayed behind’ relative to the first group, or because they have ‘stumbled back’ in both a relative and absolute sense (Hikino and Amsden, 1994). Put another way, the homogeneity among markets that is associated with globalisation has occurred on a regional rather than a global basis. These processes have been the subject of considerable research trying to account for the slow-down of productivity growth amongst the industrialised countries, as well as the tendency for income levels and productivity levels to converge in the long run with that of the lead country. The main thesis of the convergence theory is that the lead country possesses the largest capital stock and the highest level of technology and knowledge. The greater the gap between the lag and the lead country, the larger is the pool of potential created assets which the follower country may acquire, and, provided it possesses the capabilities to harness these assets, the greater the potential for economic growth.¹²

¹² The distinction between natural and created assets is an important one. Natural assets may be defined as fruits of the earth and include the stock of untrained labour and resource endowments. Created assets are those that derive from the upgrading of these natural assets. They may be tangible (for example, the stock of physical and financial assets) or intangible (for example, technological know-how, goodwill, managerial and entrepreneurial skills, interpersonal relationships, forged by individuals, and culture and organisational structure of institutions).

¹³ The arguments regarding catch-up and convergence and the fundamental role of technological change amalgamate views that are most often identified with Gerschenkron (1962), but are also embraced by new growth theories. See, for
The divergence of the majority of the lower-income developing countries has been illustrated by Dowrick and Gemmell (1991) and Alam and Naseer (1992), among others. This divergence has occurred despite technological catch-up due to the proliferation of the activities of MNEs, the integration of world markets and new technologies (particularly ICT), each of which should, in theory at least, increase spillovers of wealth-creating assets to lagging countries. This convergence of income, technological and knowledge levels among the middle- and higher-income countries has furthered the homogeneity of their consumption patterns and markets, leading to a sort of de facto integration amongst the countries of the Triad, in addition to the de jure integration within subgroups such as the European Union and NAFTA (Narula, 1993, 1996). It is important to note that the process of catch-up and convergence is a dynamic one, and membership of these three groups is by definition not stable. Some developing countries that have experienced technological learning and catch-up have been able to reverse the process of divergence, most notably China and India.

The simultaneous divergence of the growth and income levels between richer and poorer economies, and the convergence amongst industrial (and rich) economies, harks back to the vicious cycle of poverty. The inability of the least developed countries to escape from the vicious cycle, and therefore to converge, can be explained by the absence of the same conditions that underlie convergence within the developed countries, namely, that while technological spillovers assist productivity growth in industrialised economies, non-industrialised, poorer economies are unable to utilise such spillovers either because they are not available to them or because the countries do not have the appropriate social-institutional systems and the necessary technological and organisational capability.

3. Globalisation and MNE Activity: Reviewing the Evidence

MNE activity, by its very definition, implies cross-border activity, and it is self-evident that this trend towards homogeneity of incomes and consumption patterns has been considerably assisted by the activities

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instance, Cappelen and Fagerberg (1995) for a discussion.

4. However, the divergence trend of productivity growth is true only for the industrial sector, while in agriculture there has been catch-up by poorer economies (Dowrick, 1992). Therefore, a second explanation for the divergence can be the failure of non-industrialised economies to restructure their economic structure away from an agricultural base to an industrial one.
of MNEs. Indeed, the growth of MNE activity in all its forms has been unprecedented over the past 15 years, growing faster than trading activities or overall economic growth (Table 1). Other research by the current authors (Narula, 1996; Dunning and Narula, 1994, 1996) suggests that with the exception of China 5, MNE activity has become more concentrated among the higher- and middle-income countries.

Table 1. Selected indicators of FDI and international production, 1986–95 (billions of US dollars and percentages)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value at current prices, 1995</th>
<th>Annual growth rate (per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDI inflows</td>
<td>315</td>
<td>24.7 12.7</td>
</tr>
<tr>
<td>FDI outward stock</td>
<td>2,730b</td>
<td>19.8 8.8</td>
</tr>
<tr>
<td>Sales of foreign affiliates of MNEs</td>
<td>6,022c</td>
<td>17.4 5.4</td>
</tr>
<tr>
<td>Royalties and fees receipts</td>
<td>41d</td>
<td>21.8 10.1</td>
</tr>
<tr>
<td>GDP at factor costs</td>
<td>24,948d</td>
<td>10.8 4.3</td>
</tr>
<tr>
<td>Gross product of foreign affiliates</td>
<td>1,410e</td>
<td>10.8 11.4g</td>
</tr>
<tr>
<td>Gross fixed capital formation</td>
<td>5,681d</td>
<td>11.0f 4.0</td>
</tr>
<tr>
<td>Exports of goods and services</td>
<td>4,707b</td>
<td>14.3 3.8e</td>
</tr>
</tbody>
</table>


Source: UNCTAD (1996)

Among other features of FDI trends in recent years, one might highlight the following:

1. Both inbound and outbound FDI as a percentage of GDP have substantially increased for almost all countries;
2. The primary source of outbound FDI continues to be the industrialised countries. These countries accounted for 95 per cent of such investment in the period 1980–90 and 89.4 per cent in the period 1990–94, having increased their share of outward FDI stock between 1980 and 1993 from 79.1 per cent to 79.4 per cent;
3. Though there has been a marked increase in the total outward FDI from developing countries in absolute terms, 6 developing

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5. Between 1990 and 1994 China accounted for 8.4 per cent of all inward FDI.
6. From an annual average of $49.5 billion in 1980–84 to $215.5 billion in 1990–94.
Developing Countries versus Multinational Enterprises

countries accounted for just 0.3 per cent of annual average FDI outflows worldwide during the period 1970–79, and 10.1 per cent between 1990–94. At the same time, just 15 countries’ continue to account for well over 90 per cent of all developing countries’ outward FDI stocks (Dunning, Hoesel and Narula, 1998);

(4) Around 70 per cent of FDI from the Triad countries is being directed towards other Triad countries. Although, as Table 2 shows, there has been an increase in the share of inward FDI to developing countries, this increase almost entirely represents an increase to a small group of developing countries which primarily includes the Asian NICs and China. Thus, between 1980 and 1993, China and the Asian NICs increased their share of total worldwide inward FDI stocks from 2.4 per cent and 0.7 per cent to 3.9 per cent and 2.7 per cent respectively;

(5) Of the ‘new’ outward investors from developing countries, an increasing share of the investment is being made in industrialised countries rather than in other developing countries (Dunning, Hoesel and Narula, 1998);

(6) Once the oil-exporting countries are excluded, Asia would appear to be the only continent (Table 2) which has experienced an increase in its share of inward FDI. Although Asia has experienced a marginal increase in its share of worldwide GDP, this is primarily due to the NICs;

(7) The ratio of inward FDI stock to GDP – which is a proxy for the role of MNE activity in the host economy – has increased significantly for non-oil-exporting developing countries, from 5.24 per cent in 1980 to 12.25 per cent in 1993. More interestingly, a similar trend is observable in Africa and Latin America;

(8) An increasing amount of FDI (over 50 per cent) is being allocated to the tertiary sector;

(9) The growth of strategic alliances and other quasi-market forms of activity remains primarily an industrialised country MNE phenomenon (Freeman and Hagedoorn, 1995).

Table 2. Significance of regions in world GDP and inward FDS stocks, 1980 and 1993

<table>
<thead>
<tr>
<th></th>
<th>1980</th>
<th>1993</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFDI stock (US$ mill)</td>
<td>IFDI share in total (%)</td>
<td>GDP share in total (%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7 These countries are China, India, Brazil, Colombia, the Philippines, Thailand, Mexico, Chile, Venezuela, Hong Kong, Korea, Malaysia, Singapore and Taiwan.
In the context of the present section, the increasing share of FDI stocks relative to GDP across all developing countries is particularly relevant. Even among the low-income countries, only seven of the 24 non-oil-exporting, low-income countries experienced a decline in their FDI to GDP ratio. In the case of the lower middle-income countries, only three experienced a decline in this ratio. This increase in significance can partly be explained by the decline in the GDP levels due to the economic and technological divergence of a majority of these countries. Nonetheless, there has also been an increase in FDI flows to a number of developing countries, not all of whom have experienced catching-up. For instance, Argentina received 5.5 per cent of all inflows to developing countries over the period 1990–94, twice that of Hong Kong in the same period. This increased inflow to developing countries may partly be in response to privatisation programmes amongst countries undertaking structural adjustment programmes – 7.6 per cent of inflows to developing countries between 1989 and 1993 represented FDI from privatisation (UNCTAD, 1996).

8. Income level classifications are based on those used by the World Development Report.
Developing Countries versus Multinational Enterprises

Thus, the evidence would suggest that the role of MNEs in the diverging economies not only continues to be significant in the early 1990s, but has actually increased over the past decade. Indeed, as Table 2 shows, this role is much larger in the developing countries than in the industrialised countries. For low-income countries, the ratio of FDI to GDP has increased from an average of 8.7 per cent in 1980 to 10.2 per cent in 1993, while for lower middle-income countries this ratio has increased from 10.0 per cent to 12.2 per cent in the same years. Indeed, we would venture to suggest that had MNEs not maintained their investments (and in some cases increased them), the divergence of these countries might have been considerably greater.

With ten developing host countries accounting for 67 per cent of inward FDI stock and 79 per cent inward FDI flows in 1993, this would suggest that, with the increasing reliance of less developed countries on FDI as a source of capital, technology and knowledge, there is an increasing likelihood that there will be further polarisation of the world economy and widening of the gap between the Triad and the bulk of developing countries. However, despite the fact that the role of MNEs in these countries has increased, opportunities for sequential investments are considerably limited, especially in higher value-added activities and sectors which provide significant potential spillovers. In an analysis of the effects of global integration on development, Gray (1996) suggests that the benefits of globalisation are self-reinforcing: the inability of these countries to attract inward FDI that results in positive spillover effects are likely to offer few opportunities for exports and inflows of portfolio capital. Underlying the relative decline of interest by MNEs in the diverging countries are three interrelated phenomena. First, there has been a significant reconfiguration in the way both MNEs conduct and co-ordinate their international operations. Second, there has been a fundamental change in the nature and type of immobile location-specific created assets to which MNEs are interested in acquiring access. Third, there has been a significant shift in the expectations of countries from MNE activity.

These underlying determinants have each affected the strategies and activities of MNEs differently, and the consequences and nature of these changes will be examined throughout the remainder of this section. It is not a coincidence that these changes are directly associated with the economic changes associated with the advent of globalisation, and can be broadly traced to two fundamental changes in the world economy: (i) developments associated with the introduction and adoption of new technologies, which have drastically reduced real transport and transaction costs; (ii) the renaissance of capitalism and
Rajneesh Narula and John H. Dunning

the end of the cold war.

1. New technologies

The growth of new technologies has had a significant impact on the means by which MNEs view country-specific advantages. Central among these have been a series of spectacular advances in information and computer technologies (ICTs), which some scholars believe are initiating a new technological paradigm around which a new Kondratieff cycle of economic change will cluster (Freeman, 1987; Freeman and Perez, 1988). ICTs have dramatically shrunk the economic distance between countries and have facilitated a series of generic productivity improvements. Needless to say, their rapid development over the past two decades has further enhanced the process of globalisation, of both countries and firms. They have done so through at least three means.

First, new technologies have led to improved coordination of cross-border activities. It is a fundamental feature of MNE activity that cross-border market failure exists in the supply of intermediate products, and especially intangible assets. ICT has reduced both the costs of acquiring and disseminating information, and the transaction and co-ordination costs associated with cross-border activity. This takes place on at least two levels. First, information about both input and output markets is more easily accessible. This allows firms which previously could not engage in international business transactions now to do so. Indeed, a UN study (1993) has indicated that there is an increasing number of small and medium enterprises engaging in international activity than was hitherto the case. Second, MNEs are better able to integrate the activities of their various affiliates through the use of these technologies and to more quickly respond to changing conditions in the countries in which they operate. Taken together, these transaction cost-reducing processes have enabled MNE activity to be much more efficiently organised across borders. They have also facilitated a shift towards more rationalised and strategic asset-seeking MNE activity, and away from the more multi-domestic approach which was more prevalent prior to the 1970s.

While the decline of transactions and co-ordinating costs has led to an increased efficiency of intra-firm networks, there have also been substantial cost-savings in the co-ordination and monitoring costs associated with inter-firm networks. This growing use of networks, both intra- and inter-firm, is one of the primary features of the age of alliance capitalism (Dunning, 1997). The use of strategic alliances, joint ventures, R&D consortia and the like has experienced rapid
Developing Countries versus Multinational Enterprises

growth, both within and between countries (Hagedoorn and Narula, 1996). Indeed, the growing use of organisational modalities which permit firms to engage in quasi-internalised arrangements is attributable, at least in part, to the ease with which collaborators and competitors may be monitored, and the extent to which the risks of shirking have declined. In the case of the converging and catching-up economies, larger markets for similar products and the ability of MNEs to organise production activities on a rationalised basis has led, ceteris paribus, to higher rents, allowing MNEs to exploit economies of scale, since similar products may be sold in several countries at the same time.

The failure of the majority of the developing countries to develop the necessary created assets, especially those of skilled human capital and infrastructural facilities, underlies the limited extent to which affiliates in developing countries have been involved in the process of rationalisation. Nonetheless, there are some benefits of reduced transaction costs from ICT for developing countries. First, information about policies, incentives and procedures are much more widely disseminated. Second, countries are able to compete more effectively with other locations for investment. Third, they are better able to coordinate activities within the country (between, say, regions that are competing for investment) and between various arms of policy-makers and agencies through one-stop shopping (Wells and Wint, 1993).

A second feature of new technologies has been the emergence and development of entirely new industries, which have generated entirely new sources of employment both in the manufacturing and services sectors. Indeed, the mushrooming of new industries has been attributed to the productivity paradox (Freeman and Soete, 1994; OECD, 1996). Despite the growth and proliferation of ICT, there has been a marked lack of improvement in the overall productivity statistics of most countries. The fact that the productivity growth in the manufacturing sector due to new technologies has been ‘averaged’ out by growth in the ‘service’ part of manufacturing has been postulated as one of the primary explanations for the productivity paradox. As noted recently, 70 per cent of the revenues in the computer industry come from products that did not exist two years previously (Woodall, 1996). The difference in the extent to which these developments have affected the converging and the diverging countries is not as acute as elsewhere for the simple reason that because these are new technologies, there is not likely to be as large a ‘gap’ between the lead and lag countries. Indeed, developing countries have attempted a ‘niche’ strategy in developing created assets by specialising in particular new technolo-
gies as a way of achieving competitiveness – the often cited example of India’s burgeoning software sector and the focus of other nations on biotechnology is another (Acharya, 1996). However, the failure of the majority of developing countries to exploit these new technologies has acted as a centripetal force, encouraging centralisation of production to within the Triad by MNEs.

Third, new technologies have led to truncated product life cycles which have led to new or modified products being more rapidly developed and manufactured. Firms are able to undertake technological developments and are able to bring them to market much more rapidly than was previously the case. Computer-aided design (CAD) as well as developments in ‘flexible’ manufacturing systems and computer-aided manufacturing have further reduced the set-up costs and time taken to bring a new product to market. Although this has led to a reduction in fixed costs associated with new products, these technologies are not costless. First, rapid product life cycles imply a relatively high R&D intensity if firms need to remain competitive. They also suggest that an innovating firm needs to quickly recoup these high fixed costs, before its technology becomes redundant, especially so if a rival firm wins the ‘race’ to innovate the next generation product. It must therefore (a) sell at a relatively high cost per unit, and/or (b) develop a production process with a low minimum efficient scale and/or (c) recoup its investment by acquiring a large market for its products so as to spread its fixed costs. However, whatever strategy a firm undertakes, it generally enhances the need for it to seek and expand overseas markets. Once again, target markets tend to be those with similar income and consumption patterns, rather than the diverging developing countries where multi-domestic strategies still prevail, as well as for products for which the R&D costs have already been amortised.

2. Renaissance of market-based capitalism and economic liberalisation

The 1980s were a decade of considerable ideological and economic upheaval. In particular, three events are significant, which, although separate, have common roots. First, the cold war ended. Since 1989 more than 30 countries have abandoned central planning as the main mode of allocating scarce resources. Second, over 80 developing

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9. Patent protection is a highly imperfect tool to protect an inventor from competition, especially so in industries where technological change is rapid and competition high. As such, an innovating firm’s only way of maintaining its competitive advantage may be by being ‘first’, and remaining in the lead in subsequent rounds of innovation (Levin et al., 1987).
Developing Countries versus Multinational Enterprises

countries have liberalised their economic policies from inward-looking, import-substituting regimes towards export-oriented, outward-looking policy frameworks (UNCTAD, 1995). Between them, these two developments have led to a liberalisation of attitudes of national governments towards inward FDI, the privatisation of state-owned enterprises, and the reduction of structural market distortions. This trend has continued and deepened during the 1990s.

Third, there has been an across-the-board liberalisation of a variety of cross-border markets due to (i) regional and inter-regional free trade agreements and protocols, for instance, the completion of the European single market, NAFTA and MERCOSUR,10 (ii) a range of bilateral arrangements; and (iii) multilateral, binding arrangements such as the establishment of the World Trade Organisation (WTO) and the completion of the Uruguay round of GATT. Each of these agreements has contributed towards a reduction in barriers to trade. In addition, in recent years increasing attention has been paid to agreements which liberalise the flow of FDI and other forms of MNE activity, such as the general agreement on trade in services (GATS), trade-related investment measures agreement (TRIMs) and trade-related intellectual property rights agreement (TRIPs). Although some of these agreements, such as TRIMs and TRIPs, existed prior to the establishment of the WTO, they have become much more specific, and there is an explicit aim to upgrade them. Furthermore, FDI-related disputes can now be brought directly into the WTO disputes settlement process (Brewer, 1996).

What has this meant for FDI and MNE activity and MNE–government relations? Privatisation, in particular, has allowed MNEs to acquire, in one fell swoop, fully operational (albeit inefficient) firms in countries with relatively low levels of domestic competition but significant market potential, and – due to overvalued exchange rates – at relatively low cost. Over the period 1989–93, FDI from privatisation accounted for $12.2 billion or 7.6 per cent of all inflows to developing countries. Over 75 per cent of this was directed towards Latin America and the Caribbean, where privatisation accounted for 16.9 per cent of all inflows to the region. In the case of Central and Eastern Europe, FDI inflows to privatisation schemes amounted to $7.5 billion, or 59.7 per cent of the total FDI inflows to the region. Average tariffs and non-tariff barriers have fallen considerably, and affiliates of MNEs are increasingly given national treatment.

10 There are also non-binding agreements and protocols such as the OECD code of liberalisation of capital movements (which are binding upon member states, but not on non-members) and guidelines for multinational enterprises.

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However, the news is not as good for emerging economies. Competition between countries offering favourable investment climates for both domestic and foreign investment has increased significantly. While the amount of total FDI stock directed towards developing countries may have increased, an increasing proportion of new investment is of a kind that requires the use of specialised created assets and therefore tends to be directed to the developed and wealthier developing countries with the necessary level of technological assets. Liberalisation, on the other hand, has meant that a much larger (possibly twice as many as two decades previously) pool of countries offer ‘generic’ location advantages such as access to natural assets and basic infrastructure. The problem of too many countries chasing too little FDI is exacerbated by the competition between provinces and regions within countries which offer their own set of incentives schemes to funnel scarce investments to their locations (Mytelka, 1996). Countries and provinces are therefore under pressure to ‘give away’ bigger investment incentives in order to attract the FDI that is often central to their development strategies. Furthermore, inflows from privatisation represent a single, one-off phenomenon; MNE acquisitions through privatisation schemes may initially generate a large initial infusion of capital, but subsequent inflows are by no means guaranteed. Indeed, because MNEs intend to generate some rents from these investments the net inflows can be expected to be significantly smaller in subsequent years.

4. The Competitive Position of Countries and the Role of MNE Activity

The decline and/or stagnation in the economic development of the diverging (and poorer) countries directly affects the competitiveness of these countries and that of their firms. Competitiveness is increasingly determined by a country’s location-specific advantages, and particularly the mechanisms and institutions that encourage the evolution of created assets from natural assets (see, for instance, Narula, 1993, 1996; Dunning, 1993; Narula and Wakelin, 1998).

Abramovitz (1990) suggests a similar argument that the tendency to converge depends on the countries in question having similar social capability and technological congruence. By social capability, he means the political, cultural and economic and social infrastructure associated with a country. The second condition – that of technological congruence – is a function of the capability of a country to benefit from technological spillovers from leading countries, and its ability to
Developing Countries versus Multinational Enterprises

accumulate technology. Not all countries will be equally able to catch up in all industries; the extent to which this is possible will depend on the nature and level of its created and natural assets as well as the characteristics of its markets. Neither will every country be able to exploit its full potential for rapid growth because of resource constraints and limited or underdeveloped markets. This situation is bound to get worse with divergence; as the economic distance between a diverging economy and the lead countries increases, the product overlap decreases, therefore inhibiting the lagging country’s ability to catch up with the lead country due to reduced opportunities for technological spillovers. Hansson and Henrekson (1995) have also suggested that, in addition to these two factors, increased trade intensity and an outward-looking policy orientation significantly facilitate the convergence process.

Indeed, the failure of countries to improve the quality of their immobile resources and capabilities emphasises the role of governments in overcoming the failure of markets to do so. The development and maintenance of the created assets of a country are crucial not only as a basis for encouraging entrepreneurship and the growth of domestic enterprises, but also tend to affect the ability of firms to harness new technologies and skills through, *inter alia*, the availability of skilled human capital. Nonetheless, if firms are to generate competitive ownership advantages that allow them to compete on international markets (which is increasingly the case due to the wholesale liberalisation of markets) they must acquire or develop these over a period of time. It is important to emphasise that ownership advantages include not just technology in a traditional sense, but (i) the organisational skills to co-ordinate intra-firm activities (ii) the knowledge of markets to efficiently acquire inputs from suppliers; (iii) familiarity with markets to efficiently sell their outputs and (iv) the ability to efficiently utilise information about technology/markets/organisations that is specific to another firm, a group of individuals or to a location. The last point needs further clarification. Created assets such as information are generally context-specific, in as much as they are specific to the firm which are currently utilising them, and cannot be efficiently used by another individual or firm unless the technology is ‘learnt’, (that is, made firm-specific) by the recipient firm. This also applies to information that is embodied in skills possessed by human capital in a given location. Since such learning is a gradual process, it is by no means costless, and the efficiency with which a given firm

\[11\] Due to the path dependency of information and the bounded rationality of firms, learning is a localised procedure.
Rajneesh Narula and John H. Dunning

can make a given technology firm-specific determines the actual cost. This argument is similar to the thesis advanced by Stiglitz (1987) that firms must ‘learn to learn’. According to Nelson and Pack (1995), the ability of learning to learn is an important determinant of the success of the Asian NICs.

In order to catch up, then, a country must enhance the ability of its firms to have access to, and effectively utilise the stock of knowledge available to the firms in countries which are economically and technologically more advanced than itself. Put another way, domestic firms must have the opportunity to combine their own competitive advantages and location-specific assets of their home country with those of their counterparts in foreign countries. As governments have come to a ‘new’ realisation regarding the fundamental need to enhance the ownership advantages of its firms, further encouraged by the much-publicised successes of the East Asian newly industrialising economies, they have increasingly sought out MNEs. Indeed, as Sanjaya Lall (1995: 5) has cogently expressed it,

Transnational corporations are amongst the most powerful means available for transferring modern technologies by developing countries and overcoming obstacles to their utilisation. By virtue of their large internal markets for capital, skills and technology and information, they face fewer market failures than local firms. In most circumstances, therefore, there is no reason to restrict entry – their presence can only benefit local productivity and competitiveness. Moreover, since TNCs are at the forefront of innovation, their presence provides an effective means of keeping up with technical progress. Their established brand names, global marketing presence and international flows of information all add to their technological advantages.

Indeed, the use of MNEs as a source of technology, information and human resource development has been a primary strategy of many NICs, although some countries (for instance Korea) have preferred to use market and quasi-market mechanisms such as licensing, joint ventures and turnkey projects to obtain such assets, while others such as Taiwan have encouraged MNEs to engage in FDI (Lall, 1996; van Hoesel, 1999). However, firms cannot rely on purely market forms of technology transfer, because as the technology level rises, the information becomes more idiosyncratic and firm-specific, and less easily transferable through arms-length transactions. As such, the role of location advantages is twofold: first, as the basis for the growth of
domestic enterprises, and, second, as a means to attract MNEs to engage in value-adding activities.

What form should the government intervention to enhance created assets take? It is by now generally agreed that MNE-specific created assets cannot be diffused costlessly or instantly to the host country’s domestic economy (see, for instance, Teece, 1977; Amsden, 1992), and it is one of the tasks of government to manipulate these to improve the competitiveness of its firms. The extent of government intervention depends on several factors. The exact nature of policies is outside the scope of the present article, but some broad objectives of government intervention can be stated here, depending on the overall long-term economic strategy of the country. First, even where the MNE is willing to utilise its competitive advantages in conjunction with the immobile created assets of countries, there need to be domestic firms that have both the access to the complementary assets and possess the competitive advantages necessary to take advantage of spillovers. These include not just firms in the same industry, but those in related industries such as supplier firms. For instance, if Ghana, say, were to attract investment in the aerospace industry, the absence of domestic firms with the complementary assets to efficiently utilise the externalities from the direct and indirect technology spillovers would lead to minimal benefits for the host country. Second, the competitive assets of both domestic and foreign-owned firms need to be sustained in the face of international competition using supporting institutions. These institutions include the legal infrastructure to protect existing assets through strong (and enforceable) patent laws, and the ability to develop new assets. In a dynamic economy, firms have to continually invest in innovatory and training activities in order to maintain their competitive advantages, but these require the use of country-specific created assets, such as an adequate supply of skilled labour and appropriate macro-organisational policies, R&D subsidies, etc. Third, domestic firms must have some incentive to reinforce their technological assets and competitive advantages over time, by exposure to international competitors. Captive markets and oligopolistic positions do not act as an incentive to upgrade created assets, as was shown by the state of the Indian manufacturing industry prior to liberalisation. Fourth, MNEs must have some incentive to allow for a deliberate attrition of their competitive advantages. This may take the form of (privileged) access to domestic markets (for instance, automobile firms in China), or subsidised or exclusive rights to certain natural assets (Aramco in Saudi Arabia). These issues have been studied in greater detail elsewhere by several other scholars (see Lall, 1990,
5. Diverging Economies and FDI: Some Policy Implications

The preceding discussion would seem to suggest the following conclusions. First, that the growing interdependence of countries and their convergence as regards income and technological levels and consumption patterns are peculiar to the wealthier industrial countries and a minority of developing countries, for instance, NICs and China. Second, that the failure of the rest of the developing world to achieve convergence and catch-up is associated with the inadequate and often declining level of domestic created assets and the inefficiency of local firms. Third, that although the involvement of MNEs in the diverging economies appears to have increased over the last decade, this may be attributable to their economic decline as well as one-off increases due to privatisation, without which divergence may have been even more pronounced. Fourth, an increasingly important means by which to upgrade their competitiveness has been the importation of technology, skills and organisational capabilities, and the access to foreign markets provided by foreign firms, both via FDI and by collaborative arrangements of one kind or another. Fifth, that the conditions for catch-up and convergence are also the necessary (but not sufficient) conditions to attract FDI. That is, there is a certain threshold level of created assets associated with a given location and its resident firms which determine the ability of these firms to benefit from externalities that arise from MNE-related activity, and that a threshold level of created assets and industry clusters is also necessary as location advantages to attract such activity in the same place.

Herein lies the chicken-and-egg dilemma that faces countries that wish to duplicate the success of the Asian NICs. Countries clearly need to improve their location advantages, primarily through the growth of their created assets, if their firms are to become more competitive. One source of capital and created assets to achieve this is through MNE activity, which prefers to invest where such location advantages already exist. It is also clear from recent evidence\(^2\) that simple prescriptions which address macroeconomic restructuring such as those associated with the World Bank programmes are insufficient.

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Developing Countries versus Multinational Enterprises

by themselves: Amsden and van der Hoeven (1996) review evidence indicating that most non-Asian developing countries engaged in restructuring in the 1980s have experienced a collapse in investment as competitiveness seems to have been built on lower wage costs rather than higher productivity.

It is also clear that there are no guarantees that policies which have worked for one country will necessarily work for another, given the path-dependence and idiosyncratic nature of each country and its firms, and the diverse range of policies that each country has followed. Nor, indeed, have all countries benefited from the vagaries of international politics equally. For example, it is no secret that countries such as Korea and Taiwan benefited enormously from cold war politics, and were able to capitalise on it, as had Japan and much of Europe a decade previously.

It would seem, nonetheless, that countries are faced with three tools in attracting FDI activity, the first two of which at the same time improve the competitiveness of their own firms. Each of these issues deserves considerable attention and study; we can only offer a few thoughts here.13 The first is that of providing and upgrading the country’s created assets both of a general variety, and at a more specific industry-specific level. These include the improvement of infrastructure, such as roads, electricity and telephones. Created assets also depend on the development of institutions to support the acquisition and creation of knowledge and wealth creating assets. This include the training of skilled human resources through educational and training schemes, intellectual property right protection, etc. These can lead to significant improvements in the transaction costs and productivity levels of domestic and foreign firms.

Second, MNE activity may be attracted through the use of appropriate macro-organisational policy, such as encouraging inward FDI into those sectors in which the country already possesses a comparative advantage in natural and created assets and industrial clusters. Such a distinction is not entirely a matter of guesswork. Ozawa (1996) has postulated that countries at earlier stages of their investment development paths tend to follow a relatively predictable process of industrial development from Heckscher–Ohlin labour-intensive industries to undifferentiated Smithian and on towards differentiated Smithian (assembly type) sectors. It is only as countries proceed towards Stage 4 and towards the technology frontier that ‘picking winners’ becomes a risky strategy. By matching the structural upgrading of sectors and

location advantages with the activities of MNEs and the evolution of the ownership advantages of domestic firms (as best exemplified by Japan and Korea\textsuperscript{14}). Another area of macro-organisational policy worth more attention is that of co-ordinating trade and FDI policies (Graham, 1996).\textsuperscript{15}

The third tool at the disposal of governments is that of financial and fiscal incentives. However, the increasing interest in FDI as a positive economic force due to economic liberalisation discussed earlier has also led to increased competition for what is relatively the same share of FDI. This has led to a sort of ‘incentive war’ with a record number of regions and countries competing to attract foreign investors. UNCTAD (1995) indicates that financial and fiscal incentives have increased in 93 countries between the mid-1980s and the early 1990s. However, recent research by Mudambi (1995) suggests that while incentives are not in themselves effective, the longer these incentives persist, the more likely that they will have a positive effect. This leads us to an important caveat worthy of note. FDI flows are not determined primarily by regulatory factors once an enabling framework is in place (UNCTAD, 1996). Difficult conditions and limited incentives do not by themselves determine investment. What does matter is that regulation needs to be consistent over time, rather than the regulations or incentives \textit{per se}.

At the same time, there is a danger that due to the increased competition, countries may give away more than the potential benefits that accrue from the MNE activity (Mytelka, 1996; McIntyre, Narula and Trevino, 1996). This is all the more likely since developing countries must compete with backward regions from industrialised countries and former centrally planned economies whose infrastructure tends to be far superior, and with pockets far deeper than most developing countries. For instance, the Mercedes Benz plant in Alabama, USA attracted US$250 million in incentives for an MNE investment of $300 million, working out to be about $166,000 per worker. An even higher incentive figure of $254,000 per employee is estimated for the Volkswagen plant in Portugal (UNCTAD, 1995).

Needless to say, the aim of such large subsidies is long term.\textsuperscript{16} The objectives of policy-makers in giving such incentives are twofold. First, there is the hope that the positive externalities to the local

\textsuperscript{15} This issue has been explored by UNCTAD (1996).
\textsuperscript{16} However, there are some restrictions on the continued use of large subsidies within the framework of the subsidies and countervailing measures (SCM) agreement of the WTO, which restrict the level of specific subsidies (albeit with numerous caveats).
Developing Countries versus Multinational Enterprises

industry through indirect and direct means will resuscitate the local economy. Second, the presence of such a significant investor will act as the ‘seed’ investment in what governments hope will result in a healthy cluster of firms. That is, additional firms in a particular industry might be persuaded to invest in the same location either because they would like close geographic proximity to the ‘seed’ firm in order to act as suppliers and/or exploit externalities therefrom, or because its presence acts as a signal of the level of created assets in the region, or simply as an oligopolistic reaction in a follow-the-leader strategy. Such a clustering may result in additional economies of agglomeration, if a critical mass of firms in a given industry establish themselves. Should such a critical mass of firms develop, this represents a significant location advantage in its own right. Indeed, a study by Head, Ries and Swenson (1994) would indicate that agglomeration is determined less by differences in resources, labour and infrastructure than by the presence of other firms.\(^\text{17}\)

This sort of footloose behaviour would seem to be typical in this age of alliance capitalism and rationalised production by MNEs. However, the increasing mobility of MNEs is a double-edged sword. While it is the goal of such incentive schemes (including export-processing zones – EPZs) to create such a clustering of activity, it is not always a success, as affiliates can also as easily be relocated. McIntyre, Narula and Trevino (1996) list several cases of EPZs which have only succeeded in attracting a minimal amount of investment. The problem, it would seem, is not just how to attract initial investments, but how to ensure sequential investments, and more importantly, how to make them ‘sticky’. Furthermore, how much investment leads to a critical mass of firms such that economies of agglomeration are achieved? These are important and crucial questions that deserve further study.

What our arguments here propose is a variation on the traditional infant industry theme. Countries require externalities to promote economic growth, and these spillovers may most efficiently be achieved through inward FDI. The provision of subsidies, incentives and investments in infrastructure is justifiable only where a net positive benefit (in terms of spillovers) results over the long term. Investment promotion measures are by no means foolproof – and particularly in the case of the least developed countries – take considerable time to bear fruit. It must be said that the forecast for the diverging economies is not good; they are endowed with neither the time, nor the capital, to

\[^\text{17}\text{17. It should be noted that most successful centres of agglomeration have resulted from an increasing pattern of specialisation over a long period, that is, they have ‘historical’ origins.}\]
experiment with policy options. Divergence leads to a continuing shrinking of market size in real terms and a growing technological gap, which also results in the gradual loss of interest in these markets by MNEs as potential economies of scale and scope are eroded. Furthermore, diverging economies themselves are not a homogenous group, some of them are relatively well endowed with certain kinds of created assets, so that they are in a better position both strategically and economically to catch up than others.

One of the principal points that we have tried to raise in this article is that the traditional infant industry creation and development remains a central objective in economic development and industrial upgrading for developing countries. Indeed, our policy recommendations, in this broader sense, are not new. However, globalisation has altered economic realities, and the means by which infant industries may be made competitive has fundamentally altered. Liberalisation and new technologies mean that traditional policy instruments and interventions are no longer effective. In addition, industrial and economic policy can no longer be developed in isolation from the global economic environment. Membership of organisations such as the WTO, WIPO and the like requires a certain compliance with international standards, and makes certain traditional infant industry instruments actionable by other member countries. Several types of policy instruments hitherto used by developing countries to encourage MNEs to transfer skills and technology are either illegal (such as local content regulations, under the trade-related investment measures (TRIMs) agreement) or are time restricted (for instance, certain kinds of subsidies under the subsidies and countervailing measures (SCM) agreements). This is not to say that these tools are completely useless, since least developed countries are granted numerous exceptions. For instance, least developed countries have seven years from 1 January 1995 to eliminate illegal TRIMs, although extensions may be granted in the use of TRIMs to safeguard balance of payments or to protect an infant industry. In addition, TRIMs do not cover specification of minimum level of local employment or minimum level of local equity participation. There are other exceptions: SCM agreements cover loans, grants and tax credits, but not pre-competitive R&D, or assistance to disadvantaged regions. In addition, SCM covers only those subsidies that are specific to elected enterprises, and not if applied to an industry in general (Brewer and Young, 1998).

Thus, while diverging countries can continue to build up infant industries using some traditional policy instruments, there are now considerable caveats to their application. In addition, policy-makers
Developing Countries versus Multinational Enterprises

need to be pro-active and implement the three tools outlined here systemically, since the exceptions made for the least developed countries have to be phased out over a relatively short period.

It is germane to add a note of caution to this discussion. The increased role of MNEs in the least developed countries has meant that MNEs are increasingly significant players in the economic development of these countries and can directly influence the direction and nature of structural adjustment, given their economic clout. There is little or no basis to assume that MNEs will or have used their privileged position to affect decisions that will necessarily increase economic development. Whether, or to what extent, MNEs have resulted in structural maladjustment is not known, but there certainly exists considerable potential for such effects to occur. This forms an important area for further study.

There are also other unanswered questions about the mechanisms by how a Pareto-optimal outcome might be achieved from both an economic development and the MNE profit-optimising perspective. Numerous studies on FDI have been conducted trying to ascertain the net benefits of FDI, and there seems to be a consensus that in general FDI has beneficial effects on the economy at large, but that the level of the benefits varies on the type of investment. However, determining the nature of these benefits requires an in-depth case-study approach to understand the nature of linkages that are generated by firms, and the extent to which interventions by governments (through subsidies, local content requirements) as well as institutional infrastructural issues (such as the availability of electricity, support institutions, training) have affected the linkages created by foreign-owned firms.

A third area that deserves more attention is the role of MNEs in creating agglomerative effects or clusters. Although the issue of clustering has received considerable attention from economic geographers, little of this work tends to focus on the pivotal role of the MNE. A number of developing countries have established industrial and science parks, with the express objective of creating clusters. In order for these industrial parks to succeed, the presence of a certain minimum level of location-specific advantages (infrastructure and skilled labour) must be necessary as a catalyst to attract these firms to establish themselves in a given spatial area, and, most importantly, the presence of domestic firms with the technological capabilities to absorb the spillovers pertaining from the activities of these firms. We do not know if MNEs can be used to seed clusters of economic activity, or to what extent MNEs act as ‘magnets’ to other firms.
Rajneesh Narula and John H. Dunning

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Developing Countries versus Multinational Enterprises


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Summary


This article makes five main points. First, economic globalisation has affected regions and countries unevenly and this is reflected in the configuration of multinational enterprise (MNE) activity. Second, the failure of most of the developing world to catch up is associated with the inadequate level of domestic created assets and the inefficiency of local firms. Third, an important means by which to upgrade their competitiveness has been the importation of technology, skills and organisational capabilities both via foreign direct investment (FDI) and by collaborative arrangements. Fourth, the conditions for catch-up are also necessary (but insufficient) conditions to attract FDI. Fifth, there is a threshold level of created assets which determines the ability of domestic firms to benefit from externalities that arise from MNE-related activity, and a threshold level of created assets and industry clusters is also necessary as location advantages to attract such activity in the first place.
1. Introduction

The Swedish Government has decided to make sweeping changes in its policy towards the African states. From now on Sweden will work towards establishing a partner relationship with Africa. The policy documents produced on this matter contain plans for far-reaching changes of quite a challenging character. Therefore, this article has two aims: first it will discuss some of the more crucial inherent contradictions and obstacles in the new policy formulations, and, secondly, it will present a simple model for policy implementation for discussion. Maybe it is a hopeless task to try to find one simple formula that could be applied to all the diverse states in Africa. But on the other hand, the issue should at least be explored and debated before the new proposal is rejected. The alternative is to continue with strategies of an ad hoc character that, naturally, also have clear disadvantages. The point of departure is made from taking seriously the normative components of the new policy, and then we may see if there are some general principles for policy implementation that could be agreed upon as acceptable.

Put briefly, the new documents on partnership with Africa explicitly

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1. Although the report on which this article is based was commissioned by the Swedish Ministry for Foreign Affairs, the views and opinions expressed here represent those of the author. I would like to take the opportunity to thank my colleagues in Sweden, Carina Gunnarson, Per Nordlund, Axel Hadenius, Hans Blomkvist, Per Strand, and Michael Ståhl, as well as Louis Bergholm at the Swedish Embassy in Washington, for their valuable comments and support. In particular, I would like to mention Per Nordlund, who first made me aware of some of the central problems discussed in this report.
advocate that the African countries, formerly regarded as recipient countries, should be treated as equal and autonomous partners. The Swedish party should, to a much higher degree than before, be sensitive to how the African partners formulate needs, goals and strategies for regulating mutual transactions. The key word in the new partnership is ‘equality’ and this can only be guided by mutual respect. However, the documents also state that the new partnership will only grow and develop if it is based on a shared set of values that are ultimately expressed in respect for human rights and the view that democracy and good governance are seen as intrinsically good (*Africa on the Move*, 1997:9). Therefore, the inherent contradiction in focus here will be the one between promoting autonomy for the African partners and, at the same time, asserting that any relationship is conditioned by a shared set of values. The dilemma is naturally deeply connected with the diversity of the regimes, cultures and economies of the many African states that Sweden is trying to formulate one coherent policy towards. Several African states are not fully if at all democratic, many do not protect human rights, and corruption is widespread in almost all African states. Does this mean that it is unlikely that the new partnership policy will ever be implemented? Possibly, but not necessarily. Maybe there is some way to create a general policy guideline that describes how Sweden could relate to African states with different types of regime and making use of the partnership policy goals. That is the main issue for debate here, and in order to begin somewhere a guiding principle needs to be presented and from this, hopefully, a more focused debate can evolve.

In order to formulate what might be described as a general guideline for the implementation of the partnership idea with African states with different types of regime, a basic model for defining different states and the relevant state and society components will be presented. The types of regime that will be discussed are: authoritarian, semi-authoritarian, weak democratic and stable democratic. Furthermore, a hierarchical view of state and society components will be presented where the governing elite is placed at the top and, in descending order, state institutions, commercial forces, civil society and family and non-organised individuals. This model will then serve as a basis for the policy recommendations that follow, the main idea being that the more democratic a state, the more contacts and support should be initiated on a higher level in the hierarchy. Also, the more democratic a state, the greater the likelihood of realising at least some of the more important components of the partnership idea. From this it also follows that the less democratic a state, the more efforts should be directed at the
Debate

individual and civil society level. Given this model for the implementation of the partnership policy, support for the ruling elite, commercial bodies and state institutions in authoritarian regimes should be excluded.

2. Partnership with Africa

1. Partnership with Africa defined

In 1996 the Swedish Government set up a working group in the Ministry for Foreign Affairs with instructions to formulate 'a new policy in Africa for Sweden'. Having carried out its task, the working group produced a proposal for a new policy which was published in the document Partnership with Africa (1997). The report was used by the Ministry of Foreign Affairs as a point of departure to produce Africa on the Move which was presented in the Swedish parliament in 1998. Although Africa on the Move is the main document on which Sweden's foreign policy in Africa is based today, Partnership with Africa has also been included as a source for the discussion here.²

The working group concluded that a new policy should ‘support processes of change under African control that involve sustainable improvements in welfare for the majority of citizens and consolidation of their democratic influence’ (Partnership with Africa, 1997:18). The long-term contacts between Sweden and African countries and their societies should be strengthened, and Sweden should support efforts to enhance the role of Africa in the international community.³ These introductory statements refer to the overarching goals of the new policy. From this it follows, both documents claim, that a new ‘quality’ in the relationship between Sweden and Africa should be introduced.

In Partnership with Africa, partnership is defined as the ‘aspiration to establish, jointly with African partners, a more equal and respectful relationship’. The partnership policy applies to all parts of the Swedish public administration that deal with Africa, and all public


³ The formulation in Africa on the Move is quite similar, although emphasis is added on increasing the co-operation with West Africa (Africa on the Move, 1997:9).

⁴ Partnership with Africa, 1997:22. Africa on the Move only operationalises the definition by stating certain goals of the policy (these will be discussed below).
resources that are used for facilitating contacts between Sweden and Africa (*Partnership with Africa*, 1997:19). Furthermore, the partnership policy includes all the agents that are affected by these contacts and resources in the African countries. These may include governments, sections of the public administration, corporations, civil society and individuals. The core idea of the partnership policy is clearly to increase equality between those participants in Sweden and Africa in the various forms of economic exchange that take place, as well as in political affairs. In *Africa on the Move*, it is argued that they inequalities built into the various aid relationships which Sweden has with Africa naturally cannot be expected to be eliminated overnight. Nevertheless, the main goal for a new policy – equality – is clear.

The new policy documents claim that the ambition to establish a more equal relationship mainly derives from observations on development in Africa in the last two decades. In the 1980s many African states lost control of the development of their own states as a result of economic crises and the fact that the structural adjustment programmes overtook the political initiative in substantial parts of the continent. However, it was soon realised that “the lack of local support and genuine “ownership” may be said also to have undermined the SAPs’ legitimacy and effectiveness”. Therefore, according to *Africa on the Move* and *Partnership with Africa*, local conditions as well as the historical and cultural background should form the points of departure for any future dialogue about partnership. Exactly what is meant by the word dialogue is not entirely clear, but the message is undoubtedly that the unique contexts found in the various African states should be considered more carefully when implementing policies in the future (*Africa on the Move*, 1997: 97–104, 122–23; *Partnership with Africa*, 1997: 19–21).

According to the new policy, the autonomy or sovereignty of the African states, that is, their own capacity to set or independently gain significant control of the agenda in any bilateral or multilateral contacts and negotiations, has to be established, respected and continuously supported. Ideally, Sweden’s way of negotiating with an African partner should not, in the long term, be any different from how it negotiates with other countries in the West, for instance the United

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5. The objective of making Africa more equal with its European partners can be traced back to the Lomé Convention signed in 1975. While preparations were made for replacing the fourth Lomé Agreement, attention turned to the need to revitalise and step up efforts to achieve the equality goal. Sweden’s work on partnership with Africa may be seen as a part of this process (*Partnership with Africa*, 1997: 32).

States or Belgium. The idea is that a more equal relationship lends legitimacy to various support programmes, trade agreements and co-operation in policy and fiscal reforms. The new policy obviously has tried to find a solution to the problems of legitimacy and sovereignty that are widely debated in the discourse on development. As observed by Georg Sørensen, the legitimacy problem is connected with the ‘double standards’ employed by both the donor and recipient states (Sørensen, 1995: 392–5). Donors employ terms of conditionality when it suits them rather than acting according to certain principles. Some recipient countries make claims to equality when sovereignty issues are debated, and inequality when the right to development assistance is discussed (Sørensen, 1995: 395). From this perspective, it is understandable that the new policy documents wish to promote good governance, the rule of law and transparency. The reports claim that this should characterise the actions taken by Swedish officials as well as by their African partners.

But even if a more equal relationship is achieved, a degree of conditionality in agreements will naturally not be regarded as obsolete. All agreements involve by definition some type of conditionality, regardless of the relative wealth and status of the parties. We should, however, expect that the nature of the various forms of conditionality included in agreements concluded between Africa and Sweden will change if the new partnership policy is implemented. According to the partnership documents, overly detailed directives concerning terms to be fulfilled before a contract is entered into and how contracts should be carried out will be replaced by more elaborate definitions and terms that define the end-results. The reports suggest that Sweden should move away from ex ante conditionality when establishing contracts with the African states and apply ex post conditionality instead.

2. Contradictions and vagueness in the partnership policy

7. The tolerance of Western states regarding human rights abuses in China is a good example of how economic and security interests can take precedence.

8. The discussion of contracts naturally applies to Swedish co-operation agreements as well. These agreements are generally made for periods of between one and three years.


10. According to Olav Stokke, when ex ante conditionality is applied, the donor country declares that aid will not be given until certain conditions are met in the recipient country. Ex post conditionality emphasises that certain conditions should be met during the time the programme is carried out and, implicitly, that future support depends on the end-result. See Stokke, 1995: 11–12 (in particular footnote 7) for a more detailed discussion. Sorting out the difference between ex ante and ex post conditionality when analysing real development programmes is, however, more complicated than the impression given here.
A number of questions arise from this discussion. For example, does *ex post* conditionality mean that conditions regarding human rights do not have to be met before a contract or aid agreement is signed? In a simplified scenario it might imply that it would be all right for Sweden to support a non-democratic African government as long as the latter declares and shows an intention to improve the human rights situation. Is this interpretation correct? What if the African government fails to implement, for example, a democratic reform programme, not because it lacks the will but because it lacks the capacity? Should this lead to the termination of the contract? And even more important, what is the idea of making conditionality dependent on values to begin with? How can absolute values be propagated at the same time as autonomy and respect for the cultural context are emphasised? These are some of the more serious questions that arise when reading the partnership policy and relating it to democracy and human rights issues. It may be that these questions reflect inherent contradictions that cannot be resolved, but some unnecessary interpretations can be dismissed at this point. It is necessary to tackle what appears to be a major stumbling block, namely the question of the compatibility between, on the one hand, autonomy and respect for unique African contexts, and, on the other, the propagation of absolute values. By making an attempt to address these problems we may also find answers that take us a good way towards a useful and general model for policy implementation.

On the one hand the partnership policy could be seen as being based on a cultural relativist perspective. It is argued that Sweden not only has to respect the autonomy but also the cultural contexts of the African states. But on the other hand, the partnership policy refers to absolute values regarding, for example, human rights, equality, and democracy. All these aspects of the new policy are regarded as central but they may contain a major contradiction. An absolute set of values is incompatible with a relativist view of local conditions, at least if they refer to the same thing. This could clearly cause problems in the implementation of the new policy and is something which needs to be analysed further. To do so, we need to begin by taking a closer look at how the arguments about values are presented.

The working group has produced an elaborate ‘code of conduct’ that should be applied by the Swedish parties (*Africa on the Move, 1997: 100; Partnership with Africa, 1997:21*). One of the main points in that code is that the policies of the Swedish parties must be transparent. Sweden must reveal the regulations governing any contract or agreement and the main interests that guide them. The contacts that Sweden establishes should also be intended as long term and involve a
sensitive approach to the ‘unique African contexts’. Furthermore, it is argued that when *ex post* conditionality is applied in contracts, efforts to co-ordinate actions with other donors are crucial. The qualitative part of the partnership, it is argued, needs to include ‘an increased element of management by objectives and result orientation of aid, instead of a multitude of predetermined conditions’ (*Africa on the Move*, 1997: 100).

The partnership vision is certainly vulnerable to criticism here. Two points are of particular interest. First, it could be argued that the reports in question are actually the first to abandon the ambition of avoiding ‘a multitude of predetermined conditions’. A substantial part of the partnership documents contains elaborate conditions that have to be met by the African states before Sweden would enter into any agreement on co-operation (*Partnership with Africa*, 1997:19–22). Secondly, the more demands and goals that are included in a policy proposal, the greater the risk that some will be mutually exclusive. Therefore it is necessary to mention some of the values that regulate conditionality in the relationship between Sweden and Africa.

Partnership is, according to *Africa on the Move* (p. 99), ‘an attitude, in a form of co-operation that is based on shared basis of values and mutual trust’. According to *Partnership with Africa* (p. 20), the common points of departure for any co-operation are the shared view that human rights have a universal value and a desire to decrease poverty. Furthermore, the partnership idea presupposes that the following values are highly regarded:

- equality between all members of society,
- freedom of expression and organisation,
- pluralism in society,
- a responsible and non-corrupt regime,
- a real system for division of power in public administration,
- democratic governance.

These values can be regarded as the components for building an ideal society. Naturally no one supposes that such a society exists today. It is more likely that the authors who included these components in the reports believed that the parties which have a partnership relationship should share the notion that these aspects of a society have an intrinsic value, and that a society built on these ideas is desirable. Although the

11. These points have been compiled from *Africa on the Move*, 1997:99 and *Partnership with Africa*, 1997:20. Unfortunately a clear distinction between values and goals is not made in the documents.
ideal society is well beyond our reach, the values presented should be taken seriously since they are included and emphasised in the partnership policy. According to the documents, the idea is that these values should be directly linked to the conditionality aspect of agreements between Sweden and the African parties.

When it comes to imposing conditions, this should be based on the principles of partnership defined in Chapter 1. If shared values have been jointly identified, the way is paved for joint objectives concerning democracy and human rights, rather than conditions. Accordingly, Sweden has a starting point for dialogue when the opposite party deviates from the shared values. If no such values can be identified, the work should probably be restricted and assigned to a level other than that of government-to-government co-operation (PartnerShip with Africa, 1997:101).

However, the reports do not give any more detailed guidelines on this crucial issue. Should all the values discussed be shared, or only some? If only some, which ones and according to what hierarchical principle? How should the values be used? The question of ‘how’ is very important. The documents provided by the working group and the Ministry of Foreign Affairs are, to say the least, immensely creative when it comes to suggesting various policy goals. Partnership with Africa contains a large number of recommendations which demonstrate ‘good values’ along the lines of: Africa should be strengthened, Africa should become equal, regional goals for socio-economic development should be strengthened and supported by Sweden, Sweden should act with deep knowledge and respect, etc. The level of ambition is clearly quite high. But there is also a risk in making too many recommendations and goals when so many of them will be very difficult to fulfil and no clear directives are given on how to fulfil them. Such a frustration is reflected in several comments made in reports from personnel active in the field. The recommendations in the partnership documents are, according to many field workers, considered as vague, they lack instructions on how to prioritise, and they tend to disregard the resources needed to implement the policies. If we also add some extreme form of cultural relativism to this, then we probably cannot expect the new partnership policy to provide guidance for Sweden’s future role in Africa. Certainly each country in Africa can be said to have a unique context, but what are the implications of such a

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12. This conclusion is based on the comments on the drafts of the policy documents circulated among Swedish embassies in Africa.)
Debate

statement? How far should such an observation be allowed to affect more general policy guidelines? Should cultural relativism be allowed to dilute the absolute values on which the partnership policy is based?

Cultural relativism means that a culture and its values can only be discussed or evaluated with reference to the cultural context as a whole. Indiscriminately applying Western values to African societies can be seen as the opposite. Cultural relativism was formulated as a much-needed reaction among anthropologists to Western imperialism and a general tendency among social scientists to regard the Western development model and its culture as superior to cultures and patterns of development in the Third World. The portrayal of non-Western cultures as awkward, inferior and unintelligible is also often referred to as ‘Orientalism’. ‘Neocolonialism’ is another related term that was applied to the West in general and more specifically to the World Bank and the IMF, when the terms of the structural adjustment policies were set out in the 1980s.

However, cultural relativism has in some cases been taken so far that it has resulted in a position where it is argued that no imported values should be accepted in another context. This is closely connected with the post-modernist train of thought in the social sciences where context is everything and universalism is nothing. This results in a clash of values which is obvious when development policies are being shaped. The clash of values may be most visible when parties seek to implement policies aimed at achieving a higher level of equality between, for example, men and women or ethnic groups and also when they try to carry out democratic and human rights reforms.

Democratic and equality principles, for example, are being implemented today although they are actually in conflict with prevailing cultural values in some of the African states. One of the most obvious examples in the development and social sciences debates is the discussion about genital mutilation or female circumcision. On the one hand it is argued that aid agencies should not make the termination of this practice a primary target if it runs contrary to widely accepted values of a culture. On the other hand it is argued that any aid programme has a duty to pursue a policy against this practice since it violates a number of universal principles – one of them being that torture should never be accepted. Staying with the latter position, we should observe that universal values are allowed to take precedence over relativism. However, this question of how priorities should be set may not be as clear-cut when we discuss other values that are not as intimately connected with high levels of suffering.

For example, how should democratisation be carried out in traditio-
nal societies? Göran Hydén (1985) has argued that old structures in African society can be a serious obstacle to development. Furthermore, Michael Bratton and Nicholas van de Walle (1997) have recently argued that some of the most important problems of democratisation in Africa are related to neopatrimonial structures deeply rooted in the African value systems. A clash of values will certainly be unavoidable when policies are due to be implemented in some societies and states. Nonetheless, this conclusion should not be interpreted to mean that none of the values that the partnership policy represents will fit the African context.

Some traditional structures of a society may be very well suited to a process of democratisation, while others may not. However, colonialism eliminated many structures that might have been conducive to the survival of democracy. As van de Walle and Bratton (1997:38) point out:

For example, to explain the survival of democracy in Botswana, several scholars turn to the precolonial Tswana public assemblies, called kgotla, as a tradition on the basis of which modern constitutional institutions could be modelled and legitimated. Following a similar logic, Eboussi-Boulaga suggests that the African National Conferences of 1991 and 1992 owed their success to their resemblance to the traditional African modes of consensus building and palaver. Other observers have been considerably less sanguine about the democratic heritage of precolonial Africa. For many, the nature of precolonial institutions is in any event an academic issue rendered irrelevant by the transformative impact of Western colonialism.

So, the question of the democratic culture of a state is obviously very complicated. Therefore it could be agreed that sensitivity to the ‘unique contexts’ of Africa should be used mainly to deliver a clear warning when the clash of values is likely to be the most dramatic. It should not be used to trade with the values on which the partnership policy is based. This conclusion is not reached by an evaluation of whether or not the values on which the partnership policy is based are legitimate or whether they should be accepted from a normative standpoint. The position here is primarily shaped by analysing the formulations and declared intentions displayed in the new Africa partnership policy. And according to this reading, the values mentioned above should be seen as absolute, universal and non-negotiable and they are the basis for the new policy. Therefore, in a process of negotiating the
establishment of a partner relationship with an African state, the cultural context could not be used to allow exclusion of, for example, the equality goal. Therefore, and this should be emphasised, the interpretation presented here is that the freedom of the African counterpart is restricted by the shared values upon which the partnership rests. Clearly Isaiah Berlin’s observation that freedom and equality are not always compatible still holds true.

Nevertheless, saying that the stated partnership values are non-negotiable does not provide sufficient guidance as to how the partnership relationships with Africa should be conducted. And, as already indicated, implementation will contain elements of friction emanating from the values. An introduction to the handling of some of these dilemmas is the subject of the remainder of this article. However, the discussion will, as stated at the beginning, be limited to dealing with the problems of how to act more coherently when interacting with states with different types of regime.

3. Partnership, Democracies and Authoritarian States

The following section suggests how Swedish officials might act and think when implementing the new partnership policy in relation to different types of regime in Africa. The aim is not to create a guideline for policy implementation that avoids all the problems discussed above. The remainder of this article will mainly present for debate broad principles that could be used to guide interaction with regimes of different types (with particular reference to the level of democracy, support for human rights and the character of the public administration). The guidelines are of a more general nature for the following reasons.

First, a strong overall objective is needed to avoid losing sight of the whole purpose of ‘a new partnership’ from the outset. It could allow the African countries to see Sweden as a coherent player when conditions for trade, aid, and other forms of exchange are formulated. This could be central in making Sweden more predictable in the eyes of its African partners. Such an approach is best summarised by Joel Barkan in his contribution to the Nobel Symposium on Democracy’s Victory and Crisis.

[I]t is highly desirable that countries seeking to nurture democracy articulate a clear and consistent standard of what democracy entails lest the purpose of these programs be either misunderstood or lose credibility. States which press hard – diplomatically and/
or programmatically – for progress towards democratisation (e.g., for an end to human rights abuses, for a free press, for ‘free and fair’ multiparty elections, etc.) must do so on a consistent basis worldwide, or at a minimum be consistent vis-à-vis categories of polities with similar characteristics, lest the policy cease to be viable (Barkan, 1997:388).

At least an attempt towards creating a more consistent partnership policy may be the only alternative to what can be described as ad hoc or double-standard policies. If the directives in the new policy were to be utilised in a completely ad hoc manner, the central theme of partnership would be stripped of its content. Why use one label for a range of policies that have very little in common? Moreover, it is not certain that a general guideline reflecting the values discussed earlier would have to exclude the possibility of adopting or modifying policies to fit local contexts. The crucial thing is to explore what general, open and transparent guidelines on what to do, and when to do it, may be of use. In order to enter this discussion we need to begin by making a rough sketch of the components in society that are of central interest.

I. State and society actors

Given our focus on democratic development, the protection of human rights and the rule of law on which both depend, development theory should tell us to pay careful attention to a particular set of agents or components in a state and its society. Figure 1 is naturally a simplified model but it indicates the most crucial agents and we will use them in the discussion on policy recommendations below.

This pyramidal model was chosen since, in most states and particularly in the developing world, it reflects a hierarchical order. The sitting government, or its ruling coalition, is the single most powerful force, and power is distributed among a very small number of people. Which of these is the strongest, the public administration or the commercial forces, may be debated from case to case, but they clearly rank higher and include a smaller number of people than the civil society which comes beneath these two categories. The base of the pyramid consists of the family and household, and the individuals that are not mobilised in organisations. Far too often they are as far from the elite as the pyramid suggests and yet they constitute the base on which the entire state rests. Using these main categories of agents we can begin to discuss how the partnership policy can be applied to

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13. Of course, on the international arena the power relationships differ widely among states.
different types of regime.\textsuperscript{14}

\begin{figure}
\centering
\includegraphics[width=\textwidth]{agents.png}
\caption{Agents of democracy and development}
\end{figure}

2. Classifying the states
The main concern is to provide at least some rough proposals for debate on policy guidelines to be used when non-democratic states are encountered. The categories that are used here to characterise different types of regime are, by necessity, simplifications. No state will entirely fit all the criteria mentioned. What is aimed at here comes closer to Wittgenstein’s idea of a \textit{family resemblance}.

When we study democratic development, we could divide the states in Africa into four categories. And, as will be shown below, each of these categories can be linked to a particular policy recommendation on how support, diplomacy, trade and aid to a country could be shaped. The idea is to discuss when more rigid conditionality terms should be employed and when the spirit of the partnership idea could work well (that is, letting the African states autonomously formulate the terms for association). The general idea is expressed in Figure 2.

\textsuperscript{14}Typologies of systems can be much more elaborate and informative than the one presented here (see, for example, Bratton and van de Walle, 1998, whose work has inspired the discussion here). The reason for including this specific typology is that it is specifically adapted to the policy recommendations presented here.
Figure 2. A model for partnership and co-operation

Quite simply the model is based on the principle that authoritarian states cannot enjoy a full partner relationship, while democratic states can. The more authoritarian a state, the less can be implemented of the partnership policy. The more democratic a state is, the more of the partnership policy can be pursued. ‘Authoritarian’ and ‘democratic’ are, however, not absolute categories and for this reason four types of regime are discussed that will allow for greater variation. Let us begin with the least democratic category: the authoritarian.\(^\text{15}\)

(1) Authoritarian regimes

Vernon Bogdanor identifies three characteristics of authoritarian government:

\[\text{[T]he techniques of decision by public discussion and voting are largely or wholly supplanted by the decision of those in authority; these dispose of sufficient power to dispense with any constitutional limitations; and the authority they claim does not necessarily nor usually derive from the consent of the governed but from some special quality which they alone possess (Bogdanor (ed.), 1991:34).}\]

The categories ‘military dictatorship’ and ‘monarchy’ are not used here but should be seen as subcategories of Bogdanor’s definition. ‘Totalitarian’ is not used simply because no African state apparatus can be regarded as effective enough to be able to impose a centralised\(^\text{15}\)

In the classifications below I have tried to use more widely accepted definitions of terms found, for example, in Bogdanor (ed., 1991) or in Scruton (1982). The more specific descriptions of what can be said to characterise the different classes have, however, been elaborated upon in greater detail for the purposes here.

\(^{15}\)
control comparable to that of the former Soviet Union, China twenty years ago (now it would fit better into the authoritarian category), Nazi Germany, or Mussolini’s Italy. To qualify for the authoritarian category, some additional specifications should be fulfilled.

Authoritarian government implies a **systematic repression of human rights**. Emphasis here is on the word ‘systematic’ since human rights activists and many political observers agree that far too often single cases of abuse are highlighted in the media and political debate while regular abuses over a long period go unnoticed or are ignored. Whether authoritarian government is corrupt or not is not of primary interest here. The guiding concern is mainly the end-result for the citizens of the state who are the subject of the repression of thought and action and the lack of human rights.

Furthermore, states that qualify for this category are those that show little or no serious intention of introducing democratic reforms. Authoritarian leaders justify their system of rule by claiming the necessity of the regime on account of prevailing economic or political conditions. The same leaders may often express verbal support for ‘future democratic reforms’ but such promises should generally not be taken to predict change unless they are matched by actual reforms, for example, initiation of talks with political opponents, preparations for elections, bureaucratic reforms aimed at the division of power, and support for organisational freedom which can allow the civil society and political organisations to evolve. Abacha’s Nigeria would have qualified for this category. Today, however, it seems that General Abdulsalam Abubakar has moved Nigeria towards what may be described as ‘semi-authoritarian’ and later towards ‘weak democratic’ type of government. Other examples of the authoritarian regime would be Mobuto Sese Seke’s rule in the former Zaire. Internal clashes make predictions regarding the outcome of President Laurent Kabila’s actions in the Democratic Republic of Congo impossible at this time. Somalia, Rwanda, Burundi, Sudan, Sierra Leone and Libya also fit the category of authoritarian regimes.

**(2) Semi-authoritarian**

The typical semi-authoritarian regime can be defined by Bogdanor’s three criteria mentioned above. However, some additions should be made.

The semi-authoritarian regime has initiated some democratic reforms. In other words, the semi-authoritarian can be described as transitional. Some of these reforms may include the establishment of

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16. So, what should we call a transitional state that is moving in the ‘wrong’ –
local democratic councils, allowing for some political opposition. The semi-authoritarian state may also allow for some, although restricted, freedom of the press, and a freer climate for civil society. Furthermore, the systematic abuse of human rights is no longer present, although protection of human rights may be minimal. The semi-authoritarian regime expresses clear, undisputed, support for democratic reforms. Using some well established categories which were employed by Michael Bratton and Nicholas van de Walle (1997:28), we could say that the semi-authoritarian state allows, to some degree, for participation and liberalisation. Political participation or protest may be defined as ‘the frequency of mass actions directed at political goals’. Political liberalisation includes ‘official recognition of basic civil liberties’ such as ‘freedoms of movement, speech, and association to individuals and groups in society’ (Bratton and van de Walle, 1997:159). Whether such reforms are effectively implemented or not is another question. Reforms may fail but not necessarily because of the will or intentions of a sitting government. Structural adjustment reforms, weak institutional factors and corruption, internal power-struggles or threats by the military establishment may obstruct the success of a democratic transition. This should be kept in mind when discussing the policy recommendations below. Some examples of African states that fit this category would be Uganda, Ethiopia and Eritrea.

(3) Weak democratic
The main difference between weak democratic and semi-authoritarian systems relates to elections. The weak democratic state has implemented reforms to such an extent that elections, from local to central governing bodies, are held with some regularity. These may, to some extent, be dogged by corrupt practices, in some constituencies unfair methods may be employed against political opponents, and violence may also occur in connection with elections. Nevertheless, if these problems are not the deliberate results of a systematic strategy by a sitting government, they are most likely caused by the weak institutional setting. This is also crucial to the policy recommendations below. Moreover, the situation with regard to mass media and human rights is at least slightly more promising compared with that in the semi-authoritarian direction. This may be the case when some preparations for the introduction of democracy have been made but the government in question relinquishes its intention to implement democracy. The answer is that such a state is authoritarian since intention is the crucial component which qualifies a state for the category semi-authoritarian.

17. This is discussed by Stokke, 1995:77.
Debate

Authoritarian regimes. The climate for political debate is better and there may be some protection of human rights. The number of states that would fit into this category is high in Africa today. A few should be mentioned to at least illustrate the argument better: Burkina Faso, Cap Verde, Zambia, Togo, Namibia, Mozambique, Tanzania, Mali and Kenya.

(4) Stable democratic
The stable democratic system is characterised by regular elections to all levels of government (local and central, and possibly even regional), relatively free and fair elections, limited corruption, a free press, organisational freedom and basic efforts to protect human rights by the rule of law. Naturally, too strict criteria with regard to the concepts of free and fair, and the level of corruption, can hardly be used in a state with, for example, a GNP per capita income of USD 400. It should be noted, however, that the problem of corruption should be controlled to such extent that the basic rules for how free and fair elections are held are protected, that courts and police function so effectively and in such an independent manner that they at least have begun to resemble a state governed by law (Blomkvist, 1988). Not surprisingly, Botswana is the leading star in this category, but we could also mention Madagascar and Senegal. Otherwise, by 1996, as van de Walle and Bratton point out, ‘only Mauritius and Benin had met the minimal two-turnover test for democratic consolidation’.

3. Policy recommendations
(1) A policy for authoritarian states
Given the ‘shared values’ on which the partnership policy rests, active support to governments in states classified as authoritarian should be eliminated. An authoritarian system is not compatible with the values implied by the partnership policy, at least not according to this reading. Briefly, these are: equality, freedom of expression and organisation, a responsible state government and a system for the division of power. When it comes to level one in Figure 1, the political ruling elite, diplomacy should mainly be used and no forms of support should be involved. Diplomacy should primarily concentrate on actively advocating democratic reforms. As Stokke observes, one nation,

18. Bratton and van de Walle, 1997: 234-243. The two-turnover test was defined by Samuel Huntington in The Third Wave and ‘[b]y this test, a democracy may be viewed as consolidated if the party or group that takes power in the initial election at the time of transition loses a subsequent election and turns over power to those election winners, and if those election winners then peacefully turn over power to the winners of a later election’ (Huntington, 1991: 266–267).

49
such as Sweden for example, has little chance (or more realistically, no chance) of effectively making another government depart from the authoritarian path (Stokke, 1995:55). Therefore, at least in theory, the European Union is the ideal instrument for this purpose from a Swedish perspective. The documents on partnership clearly state the need to co-ordinate efforts within the union, and it is the only player strong enough to have a decisive influence on states the size of Tanzania or Nigeria, for example. However, at the present time the prospect of effective co-ordinated actions within the EU in this area seems slim.

Furthermore, support directed towards trade and efficient governance is also excluded (levels two and three).\(^{19}\) Aid or support that could lead to increased efficiency in trade would almost certainly benefit only the ruling elite. Moreover, support would also give legitimacy to and further consolidate the authoritarian system (Stokke, 1995: 71), as would efforts to fight corruption. Training government officials to be more effective in an authoritarian setting should be seen as direct regime support. This is a difficult problem since we also have to recognise that a state with a less corrupt and efficient public sector would probably stand a better chance of making the transition to an efficient democracy. However, the mere fact that an efficient authoritarian system may also survive for a long time is the main reason for not initiating projects aimed at making the administrators in authoritarian regimes more ‘Weberian’. In order to uphold a coherent Africa policy, it is possible to conclude that the recommendation to prohibit support to levels one to three should be implemented in all the countries in Africa defined as authoritarian, even in cases where Sweden has a long established co-operative relationship.\(^{20}\) Naturally such a step may rule out a dialogue and co-operation which might be valuable in initiating a transition to democracy. However, if the objective is to promote democracy the advantages of a stringent policy seem to be more important in a long-term perspective.

Emergency aid, however, can be regarded as legitimate regardless of regime. Such assistance will hardly signal support to a specific leader. Furthermore, support to individuals and those parts of civil

\(^{19}\) Here, I refer to export credits and support from the embassies and diplomats to facilitate good business contacts. The issue is not whether the government should actively try to persuade Swedish commercial interests to pull out of states with authoritarian regimes. The main concern is what type of active support the Swedish government may provide.

\(^{20}\) The policy recommendations presented here are not in conflict with Government Communication nos. 1997/98:89 and 1997/98:76. For example, in Government Communication 1997/98:76 it is argued that human, political, economic, social and cultural rights ‘have to be the point of departure’ for development cooperation (p. 78), which is a similar position to the one here.
Debate

society that are democratically oriented can and should also be encouraged (that is, support should mainly be directed to levels four and five if we look at Figure 1). Support for civil society and individuals that work for a democratic future, although they may be deprived of the right to lead a party, could eventually prepare the groundwork for a transition to democracy later. Any progress that can be made in the task of building democracy from below should be pursued, at the same time as diplomatic pressures are focused on the elite. However, the question of who should receive support is not so simple.

If we adhere strictly to the partnership idea, the individuals and organisations that would be considered as possible candidates for support are those sharing the values mentioned above. Not all organisations or associations that are a part of civil society may be ‘good partners.’ On the contrary, support to certain types of organisations might eventually only fuel a conflict. One example would be if officials approached an ethnically organised group that opposes an authoritarian regime dominated by another ethnic group. By ethnically organised I mean an organisation that strictly limits its membership and rights to individuals sharing the same ethnic background. Giving support to such an organisation, even if it can be described as the ‘underdog’ in a conflict situation, could lead to a very complicated form of intervention in another state. Such a situation would be closer to a warlike situation where intervention should only be carried out, one could argue, via the UN. Also, support for civil society can be problematic for other reasons but these may be discussed in connection with the other types of regime below.

(2) A policy for semi-authoritarian states

Provided that the political elite in an authoritarian state has proved itself to be serious in its intention to initiate democratic reforms, more active steps can be taken to support democratically oriented forces that might be classified as a part of civil society, simply because this provides for greater freedom of action. As organisations are allowed to grow in importance in their role as political players, support for individuals will no longer be as important. If the country in question is moving towards democracy (let us say, for example, that elections are set to be held within six to twelve months, an independent election commission is established, foreign observers are invited, and so on) active support can also be initiated on level three, which includes commercial actors.

Przeworski and Limongi show clearly that it cannot be argued that democracy inhibits economic growth. However, a poorly performing economy may well provide the instability that can cause a democracy,
or a regime moving towards it, to collapse. Consequently, a democracy is more likely to survive if the economy is growing (Przeworski and Limongi, 1997). Economic development is quite central, but this reminds us of another problem. Democracy’s dependence on growth is also the reason why economic sanctions are a double-edged sword. On the one hand they may force a government to change its policies. But on the other hand, they may also create new problems. Sanctions in response to the nuclear tests in India and Pakistan illustrate the problem. The United States was one of the world’s strongest advocates of economic sanctions against both India and Pakistan after the tests had been conducted. Nonetheless, only a few months later the United States had to abandon substantial parts of its sanctions programme simply because it feared that Pakistan’s economy would collapse, which could lead to the demise of its fragile democracy. A year later, however, Nawaz Sharif’s popularity had dwindled, with the economy in chaos, and finally Sharif was ousted by the military.

In the semi-authoritarian context, diplomatic efforts should be concentrated on trying to assess the intention of the political elite to implement the transition to democracy. Diplomatic contacts can also be used for purposes that cannot be fulfilled by pressure politics. As observed by many others, a confrontational policy demanding democratic reforms may be far less successful than the results that may come from quieter negotiations where the risk of losing face is smaller (Stokke, 1995:63).

When policies are implemented in semi-authoritarian states, it should be kept in mind that the regime in question may apparently be willing to implement reforms but may not be capable of doing so. It may be unfair simply to re-categorise a regime as authoritarian because an appointed election commission collapses after threats from, for example, the military establishment. Of course an outside observer has to guard against being duped when evaluating the democratic intentions of a ruling government. But, as Barkan (1997:390) points out ‘[n]urturing democracy will take time; progress will be uneven and uncertain and therefore the process requires a large amount of patience’. This may cause us to apply the *ex post* criteria proposed in the partnership recommendations somewhat more cautiously. Democratic development programmes are personnel-intensive and require long-term planning (1997:390). Therefore democratic development projects cannot be abruptly terminated when one election fails and a state thereby fails to live up to some rather rigidly formulated *ex post* criteria. Nor should democratic development programmes be terminated if, for example, only one election has been
carried out successfully. Again, Barkan (1997:389) reminds us that ‘[d]emocratisation is fundamentally a process of institution-building and political socialisation, and not the occurrence or non-occurrence of single events’. Africa may be experiencing a wave of democracy but how long it is likely to take for democracy to be consolidated is illustrated by the fact mentioned earlier that only two states satisfy the two-turnover test. In the light of these circumstances and the level of democracy in Africa today, it is clear that the partnership policy will require substantial resources, in terms of both money and personnel, if even modest progress is to be made towards its realisation.

(3) A policy for weak democratic states

If the civil society-based organisations in the weak democratic states are fairly well established, efforts can be directed towards making them independent. The final goal should be to phase out support to civil society completely. The reason is that a self-reliant civil society could very well constitute one of the strongest bulwarks against attempts by authoritarian leaders to topple a democratic system. However, this is not to say that all players in civil society, if one paraphrases Putnam, are good at making democracy work.

One of the most common examples quoted to counter Putnam’s argument is Nazi Germany. William Shirer was one of the first to point out that organisations which would undoubtedly be categorised as belonging to the civil society were the instrument used to make Nazism successful.

In the years of the Nazi Party's struggle for power the Hitler Youth movement had not amounted to much. In 1932, the last year of the Republic, its total enrolment was only 106,956, compared to some ten million youths who belonged to the various organisations united in the Reich Committee of German Youth Associations. In no country in the world had there been a youth movement of such vitality and numbers as in republican Germany. Hitler, realising this, was determined to take it over and Nazify it (Shirer, 1950:348).

Almost fifty years later this argument was developed by Sheri Berman who, from the same observation, concluded that ‘[i]t was weak political institutionalisation rather than a weak civil society that was Germany's main problem during the Wilhelmine and Weimar eras’ (Berman, 1997: 402). The question here is how useful these observa-

2121. However, this, does not guarantee that an authoritarian government also can use civil society for its own ends in particular cases.
Tensions are. Do they tell us that Putnam is wrong and that support for civil society is undesirable and even dangerous? The answer to the first question is ‘no.’

To begin with, Putnam never claimed that institutions are unimportant. Had Putnam analysed the German case he also would have concluded that the institutional setting was weak and unfavourable to democracy. As a neo-Tocquevillian, he probably would have added that the mores of society in the Weimar Republic were generally not conducive to democracy. Support for democratic values never had time to become deeply rooted among the citizens. Furthermore, the institutional culture in the Weimar Republic at that time was more pervaded by hierarchical than egalitarian values. We should remember that this was the reason why the Italian unions and the Catholic church are regarded as being non-civic in Putnam’s study of Italy. It seems that we have to abandon the view that non-governmental organisations can be seen as intrinsically good for democracy. Organisations should at least not embrace strong hierarchical values. And it seems preferable for them to be based on egalitarian values and to foster civic virtues. Nevertheless this also shows that if we aim to strengthen democracy, support for civil society may be quite problematical. There are other dimensions to the debate on the role of the internal structure of the organisations which operate as a part of civil society. The relationship between organisations is also of great significance and this is where many research efforts are focused today.

However, Berman’s observation is important since it tells us not to forget the crucial role of institutions. It is true that support for increased trade and the development of the economy should be sustained, especially because growth provides stability. But it is also vital to remember that a weak democracy only moves towards becoming a stable democratic system if state institutions (level two) are functioning well. In particular, the police and the courts are crucial to democracy. Also, it is essential that some institution assumes a role

2222. Also see Hadenius, 1998:251, for an argument on this topic.
2323. See Putnam, 1993:115. It seems that the crucial point is not whether civil society is politicised, as has been argued in this debate. More important, it seems, are the values towards which an organisation is oriented.
2424. Concern for this problem is evident in, for example, the comments on the partnership documents made by the Swedish Embassy in Dar es-Salaam.
2525. One of the largest ongoing research programmes that focus on these aspects of civil society and democracy is being carried out at the Department of Government and the Department of Peace and Conflict Studies at Uppsala University. See Blomkvist (ed.), 1996 for a programme description and discussion on research focus. See also Hulterström, 1997. Furthermore, see Blomkvist, 1998 for a discussion clarifying the most central dimensions of civil society which should be taken into consideration when discussing the relationship between civil society and democratic development.
Debate

similar to that of an election commission. If these institutions can be made to function fairly independently and if they are not too easily corrupted, the incentives will be significantly higher for political participants to pursue politics via democratic means rather than armed action (Widmalm, 1997). A rule-governed bureaucracy is also the foundation of any system designed to protect human rights. A high level of corruption in government institutions will certainly pave the way for human rights abuse, the downfall of democracy, and, finally, authoritarian rule.

The social science literature, however, gives no clear guidance on where support efforts should be concentrated in the different phases of democratic development. In fact, many observers are quite pessimistic about the prospects of finding the ‘democratic formula’. Bratton and van de Walle agree with Myron Weiner’s statement, which they quote: ‘perhaps it is time to recognise that [empirical] democratic theory, with its list of conditions and prerequisites, is a poor guide to action.’ But this observation can also be seen as support for a more moderate view of how aid and support should be adapted to different contexts. Instead of using local context as an argument for departing from the partnership values, local contexts should have some influence on priorities, but without this meaning that the overarching values on which the partnership policy rests need to be abandoned. Whether support should be concentrated on commercial interests, civil society or the public sector will have to depend on the country concerned. Furthermore, the fact that Sweden’s resources for supporting development in other states are, to say the least, very limited makes it more important to co-ordinate these aid and support strategies with those of other donors.

(4) A policy for stable democratic states

Clearly, if Sweden initiates contacts with a state which is stable and democratic and upholds the main values shared in the partnership programme, all the necessary conditions are fulfilled for acting in accordance with the partnership policy. In this respect, this policy discussion need not be taken further here, since the main problems are undoubtedly how to deal with less democratic or authoritarian states. Nonetheless, a final word should be said about whether or not we may expect the equality goal to be reached. Just because a state in Africa is labelled stable democratic, does this mean that Sweden will treat it as an equal? Although this wish to promote equality is desirable, structural inequalities that will most likely continue for a long time should


55
not be forgotten. In international forums and trade Sweden is undoubt-
edly a lightweight. Nevertheless, a quick comparative glance shows
that Sweden’s economy is much stronger than that of most African
states, even if we compare GDP in absolute terms, and it seems that
this will continue to be the case in the early twenty-first century.
Therefore, if Sweden were to aim to negotiate with the African states
as it would bargain with any other state in the West, the spirit of the
partnership policy could be said to be achieved. But would it lead to
greater equality? Sweden will, at least for a few more decades, have
some quite strong advantages in trade and exchange negotiations, not
only in monetary terms but also in infrastructural strength. When
formulating contracts Sweden can afford more lawyers, when negoti-
ating politically Sweden may receive backup from the EU. Overall,
Sweden will be able to deal from a position of strength against most
African parties for the foreseeable future, which should be remem-
bered when implementing the partnership policy.

4. Final Remark
The presentation above can certainly be criticised for being too sim-
plistic in relation to the complexity and variety of the states in Africa.
Nonetheless, and as mentioned earlier, there is a need to search for
common principles that can be used to guide political actors if we take
the ambitions expressed in the partnership documents seriously. The
alternative is to continue with ad hoc policies that will, if we listen to
the advice of Joel Barkan for example, in the long run provide little or
no support for democratic structures. Whether there is sufficient
machinery for political co-ordination and the will for it, however,
remains to be proved. The general principles described above could,
however, be used as the point of departure for a more dynamic debate.

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Sten Widmalm

Summary


What does it mean when Sweden declares that a ‘partnership relationship’ should be developed with Africa? This article discusses the content of Sweden’s new partnership policy and some of its more problematic inherent contradictions, followed by a discussion of policy recommendations that could be used when the Swedish counterparts interact with African states with different types of regime. The purpose is to initiate a debate on which general principles, if any at all, for policy implementation could be utilised in such a diverse context as the African continent. The policy implementation principle that will be discussed say that the more democratic a state, the more contacts and support should be initiated with officials and representatives at a higher level in the political hierarchy. Conversely, the less democratic a state, the more efforts should be directed at establishing contacts on the individual and civil society level. According to such an interpretation of the partnership policy, support to the ruling elite, commercial forces and state institutions in authoritarian regimes is ruled out.
Cosmologies and Corruption in (South) India – Thinking Aloud

Pamela Price

A seminar on corruption in Oslo, organised by Transparency International in October 1999, indicated the existence of two schools of thought in the international debate. Some participants appeared to imply that corruption in governance and business could be controlled through universal techniques, while others emphasised that corruption needs to be analysed in its historical and cultural contexts and, thus, may require particularistic approaches to management. Economist Petter Langseth seemed to take the universalist approach when he several times asserted that ‘We already know the causes of corruption’ (Frøystad, informal report from seminar). Langseth did not specify what he thought the causes of corruption to be, so it would be unfair at this point to take him to task. However, it seems to be the case that many observers (including the writers of articles in Indian English-language newspapers) assume that the unvarnished, straightforward desire for added income is the first cause, combined with the inadequate internalisation of bureaucratic norms. Falling as I do in the camp urging historical and cultural contextualisation, I seek to point out that in India, at least, some kinds of corruption are a function of complex cultural dynamics involving notions of the ontology of ranks and statuses, of the nature of authority, and of personal evaluation in political competition. I examine corrupt action in the context of systems of belief and practice which have historical antecedents.

Note of acknowledgements. I presented this paper at a conference of the Nordic Association of South Asian Studies at the University of Gothenburg in August 1999, and in October 1999, at a meeting in Raleigh, North Carolina, of the South Asia Consortium, made up of scholars from North Carolina State University, Duke University and the University of North Carolina. I am grateful for participants’ comments and for those of Helge Pharo in revising the work here. I am also grateful to Kathinka Frøystad of PRIO, who supplied me with her notes from the Oslo seminar on corruption 21–22 October 1999 which I could not attend. Ketil Fred Hansen of Kirkens Nødhjelp also came with useful comments. A grant last autumn, 1998, through the Norwegian Research Council programme, Public Administration in Developing Societies, allowed me to develop some of the points presented here.
Pamela Price

I hope with the arguments below to indicate that those in my camp can go further than to spin ever more refined definitions of corruption or to discuss mainly how people think about it, a complaint which Fredrik Galtung raised during the seminar (Frøystad, informal report from seminar). My next step will be to work out how the elaboration of this work can assist in the practical management of corruption in India.

In the winter and spring of 1997–98, reading English-language daily newspapers in Bangalore, South India, I found a constant topic to be corruption, with attending dismay over the possibilities of controlling it. The corruption of politicians was a major target, as were the demands of public servants for extra payment in carrying out what should have been their regular line of duty. Occasionally there was mention that corrupt activities of businessmen could easily compete in range with politicians and bureaucrats, but this was not commonly discussed in the dailies. Evidence of this type of corruption may be less obvious and more difficult to secure.

It seems that economists have taken the lead in recent research on corruption worldwide (The Economist, 16 January 1999). However, they tend to work with aggregate figures. What is needed, if effective measures of prevention and reform are to be developed, is disaggregative research that, among other topics, deals with the motives and political ideas that influence the choices of participants in corrupt actions. Close analysis of the contexts in which citizens, politicians, public servants and businessmen participate can sometimes give beneficial results. This is indicated by an article by John Toye and Mick Moore in a recent issue of the European Journal of Development Research in which they discuss a tax reform in Indonesia (Toye and Moore, 1998).

While political scientists sometimes engage in research on corruption and development, it would seem to be anthropologists who are taken up with the challenges of the new field, the anthropology of the state. They may be in the best position to come with useful observations on culture and corruption. As far as India is concerned, Akhil Gupta made an early contribution with an article published in 1995 (Gupta, 1995). However, as John Harriss noted at a recent conference on the anthropology of the South Asian state, this subfield of anthrop-

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2.1. The general definition of corruption which Transparency International is using, ‘the abuse of entrusted power’, is adequate for the purposes of this article.
2.2. A recent paper by Arild Engelsen Ruud (Ruud, 1998) should be an important contribution to the international discourse when (if) it is published in a journal that brings it out to an international audience.
Debate

pology still has some distance to go in developing methods of approach (Harriss, 1998). Historians of South Asia, who usually leave discussions of contemporary development to political scientists and anthropologists, have been the slowest of the disciplines to engage in recent scholarly debates about corruption. In the paper here I come with some observations which result from research from the point of view of cultural history, based on study of Tamil- and Kannada-speaking areas in South India.

In making comments about political ideas and values, I do not mean to place human action in a straightjacket of cultural determinism. Evidence that different sectors of the Indian bureaucracy perform differently when it comes to corrupt practice suggests that historical contingency and institutional factors can play a role in determining levels of corruption. For example Francesco Kjellberg found high standards of administrative practice in the Tamil Nadu state bureaucracy’s efforts at pollution control, while Hans Blomkvist’s work on the administration of public housing gave different results (Kjellberg, personal communication; Blomkvist, 1988). Efforts to effect wide-ranging social change, however, need to base themselves on knowledge of social and political rationalities and I hope my comments will be taken as a contribution in that direction.

Discussions of culture and corruption usually focus around the significance of gifting in post-colonial societies (Kjellberg, 1992:216). In this paper I suggest that some types of corruption are embedded in complexes of political ideas which encompass gift-giving and which also include notions of the appropriate exertion of authority and distribution of resources. A major aim here is to outline conceptions of political space, notions of manoeuvrability, which inform the choices of many politicians and bureaucrats. This paper is mostly about political cosmologies with special reference to notions of personal authority and the appropriate distribution of material resources.

From the point of view of legal culture, India is pluralistic. The institutions of the modern state developed during more than 150 years of political consolidation under the British Empire and thus bear marks of attachment to western-style notions of universal law codes and regulations of bureaucratic procedure. The post-colonial governing institutions of the central and state governments have not formally departed from models of universalism in codes. The informal institutions of local societies, on the other hand, are still influenced by the legal pluralism of widespread social segmentation.

A large body of anthropological literature provides ample evidence of well-developed, unwritten codes for conduct playing major roles in guid-
ing the choices of Indians in their everyday life. These codes constitute
guides to appropriate action for actors in families, clans, sub-castes, and
sects, and affect economic and political exchanges in broader arenas.
The particularistic codes of clans, sub-caste, sects and different religi-
ous groups compete in various ways with the universalistic claims of
rules of modern governance. 4

Newspaper reportage and studies of local politics in India show that
particularistic considerations – attention to the claims of social and eth-
ic groups in localities – affect administrative practice. A public servant
is confronted with a wide range of pressing demands for action which
are not described in official rules and regulations. Behind these demands
lie assumptions of appropriate action according to a complicated range
of unwritten, local codes. These assumptions are in conflict with the
demands for universal responsibility and 'fair treatment' which, theo-
retically, underlie the aims of public policy in India’s liberal democracy.

The political practice of politicians also shows influence of legal
pluralism fitting awkwardly with the demands of the state. A simple
example of this tension is the necessity for a politician in a legislative
assembly to support, at least part of the time, not only the interests of
the locality he represents, but also the claims of his community, or
risk losing its support – which can be vital depending on the commu-
nal make-up of the electors in his constituency. Politicians are not only
faced with the usual constituency demands concerning, say, a new
road, improved irrigation works, the installation of public health
clinics, etc. They have also to balance the interests of a complex array
of social and religious groups. These demands will vary with the size,
economic status and interests, and education of communities, includ-
ing their own. Citizens may complain about the nepotism and par-
tisanship of politicians in the abstract, at the same time as they feel
that they are justified in getting favourable terms of support for them-
sewls and their kin in approaching a politician from the same com-

There are other implications of social segmentation and legal plu-
ralism. As mentioned above, we can see the existence of competing
codes as a reason for the widespread contestation of bureaucratic
norms in many sections of Indian society. In this context it may be
useful to take into consideration as well the concept of political seg-
mentation. While social segmentation refers to the constitution of
social relations in micro-units of kin-linked people, political segmen-
tation refers to the constitution of political relations in factions and

43. A recent discussion of legal pluralism in India is Saberwal (1996).
54. I will use the word ‘his’ below, rather than the more cumbersome ‘his or her’.
Debate

other types of informal domains of power, influence and authority.

Political segmentation has a long history in India. The regional kingdoms, little kingdoms and chieftaincies which characterised ruler-
ship in 17th and 18th century India, even under the mantle of the
Mughal Empire, were unevenly bureaucratised in their political prac-
tice and organisation. From South Indian studies comes the concept
’segmentary state’ to characterise the levels of decentralisation and
reliance on local lordship in these unstable polities (Stein, 1977). In
the abstract, the political segmentation we find in Indian politics today
shares characteristics with pre-colonial forms, without being in any
direct line of political descent. To discuss why this should be the case
is beyond the scope of this paper, but I try to outline some elements of
current segmentation below.6 I hope thereby to suggest that cor-
rupt actions result not just from a straightforward desire for material
aggrandisement, but are also or even primarily important tools for
political negotiation and the achievement and/or protection of unstable
rank and status. These actions take place in political landscapes which,
while they are not completely unfamiliar compared to those we know
in Western Europe, require guides for most travellers for the clarifi-
cation of formations and the specification of pitfalls.

Thinking about political and social segmentation gives rise to two
issues to consider in analysing Indian political culture: (1) the nature
of rank and status7 in a society without a long history of extended,
regional bureaucratic centralisation, and (2) related to this, different
kinds of domains of power and authority which can appear in societies
which have a long history of decentralised political processes. In con-
sidering these issues I offer a model which highlights (and exagge-
rates) differences in political and administrative belief and practice
between Western Europe and India. This brief comparison should indi-
cate the scope for negotiation and manoeuvre which exists for poli-
ticians in the unstable world of Indian politics. Understanding the con-
text in which much political corruption takes place requires that we
examine both the ways in which politicians relate to rivals and the
nature of the political space which is fought over. Less is known about
infighting in the offices and corridors of state and national bureau-
cracies.

Ranking in political negotiation and exchange in Western Europe is
affected by the absolute value (relatively speaking) which is attached

65. Political segmentation in South Indian political history is a topic of my Kingship
and Political Practice in Colonial South India (1996), passim.
66. I use the terms ‘rank and status’ because, while both refer to evaluation in
relationships, rank suggests (somewhat) institutionalised hierarchies and status refers
to less institutionalised perceptions of difference and value.
to formal positions and titles in the bureaucratic structures that organise so much of our existence. In Western Europe one finds commonly that a careful delineation of areas of responsibility and attention to due process in the management of affairs characterise bureaucratic thinking. Such thinking affects perceptions of the ontology of ranks and statuses in political parties and in governance in Western Europe. Ranks and statuses in general are less negotiable, more stable in the influence and authority they imply, than is the case in politics and governance in India.

In India bureaucratic rationality is highly contested and areas of influence and responsibility overlap in party organisation and in governance. In India ranks and statuses tend to be personal and relative, dependent on contexts and contingencies. Relationships of political rank and status can be more fluid and unstable than in societies where bureaucratic thinking has long provided norms for the management of human affairs. As a corollary to this, rank and status – being relatively and contextually determined – are more personal in both their constitution and in the perceptions of actors. They are more reflective of personal contingencies than rank and status in more bureaucratised polities. Such a situation makes for highly volatile, unstable relations in political exchange, where emotions run high. Honour is more important than formal rank and is more dependent on context, though formal rank is included in the constitution of honour. Honour is a status tied to a person, reflecting his informal influence and power as well as his formal position. Conflicts over honour are conflicts involving negotiable, unstable status and competition for authority and influence.

How does the second point about domains of authority and power fit in here? Take the case of Karnataka. At the time of independence in 1947 political ties between locality bosses in rural communities and the politicians and bureaucrats in the capital city, Bangalore, were relatively limited. Over the next decade this situation changed as Chief Ministers opened up possibilities for the distribution of spoils among their partymen in the districts (Manor, 1978). During this period and into the 1960s rural bosses could count on chains of patron–client relations in rural society reaching down to lower social strata working as vote banks. However, as elsewhere in India, poor and low status voters came to discover the power which lay in a secret ballot, and new political leadership emerged to challenge those entrenched in power in the Congress Party. Domains of authority and power shifted

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87. Ranks in Indian bureaucracy can certainly be rigid, but bureaucratic rank does not subsume the total, informal evaluation of the person in the hierarchy.
from being made up of relatively stable and predictable patron–client relations to what anthropologist Mark Holmström, following Adrian Mayer, has called action-sets (Holmström, 1969, 1988).

Action-sets are the networks of heterogeneous relations which constitute domains of influence and fragile control for both district and capital city politicians. These domains cross formal boundaries between state and society, as bureaucrats do favours for or are served by politicians. They overlap in different directions as when businessmen, say, develop transactional relations with not one, but several bureaucrats and politicians simultaneously. As Holmström pointed out in his work from Karnataka in the 1960s, action-sets – what I am calling political domains – can have an ethic, and the ethic in these fluid domains is organised in part around notions of personal honour and mutual respect. Rank and status in this context – encompassing notions of (personal) honour and respect – are a function of fluidity in political relations and have an ontology in structures which allow for relative as opposed to absolute meaning.

Informal networks of power, influence and authority play a role in political transactions in Western Europe, in university – for example – as well as parliamentary politics. The major difference I point to between Western Europe and India in this regard is that in the former more attention is paid to due process. Constitutional and bureaucratic procedures are more closely adhered to. Where due process is not so deeply institutionalised in political consciousness, ranks are relative in meaning (open to intense and volatile negotiation), personal honour plays an important role in political and administrative exchange, and political domains have fluid boundaries. The preoccupation which actors show with evaluation of their person by others – their personal social and political value in this highly personalised political cosmology of shifting relations – is in part what is called honour.

Where do notions of honour come from? It is important to spend some time with this issue since honor – and, as I discuss later, the lordship it implies – plays an important part in political cosmologies in India. Newspapers and magazines in India, for example, contain regular references by politicians to alleged acts of humiliation by others which require them to respond so as to regain their self-respect (Price, 1999). (Curiously, writers in English-language newspapers and magazines ignore these comments as they describe politicians in terms of shamelessness.)

In investigating the formation of conventional conceptions of honour and respect, we need to think in terms of the administration of the affairs of the kin-linked, micro-units which constituted segmented
society in India. Specifically, it is necessary to examine major ideas in
the administration of interpersonal interactions as families, large and
small, work to sustain themselves and celebrate the life passages of
their members.

Most discussions about segmented society in India have focused on
the way in which caste has been associated with the occupation of a
group, on the rules which determine which castes can eat together and
on the rules which regulate marriage within caste groups. In consider-
ing the source of ideas of leadership, it is important to investigate
notions which guide the management of social interaction in these
social segments. Here we find basic ideas of authority in political
relations among ordinary people. These conceptions support the soli-
darity of the kin groups, imposing a kind of discipline among family
members, making it possible for social segmentation to reproduce
itself over generations.

Administration is carried out in face-to-face relationships in which
age and gender are important determinants of the formal hierarchy, the
face which the unit shows to the world. The head of the segment unit is
properly the oldest male and he is supposed to rule; he is not simply a
manager. His rule is personal and he commands personal respect and
honour in recognition of his position. This respect is shown through a
range of behaviours of subordination appropriate to the age and
gender of the members of the family. The father, for example, eats
first, with his wife waiting on him. Children will bow down to their
parents on special occasions. Sons will not smoke in the presence of
their father and, more to the point, will see it as their duty to obey him
and do as he wishes, or at least to give the impression of doing so.
Daughters and daughters-in-law should be particularly submissive in
following the will of both the mother and father.

The position of the head of the family is supported by ideologies of
honour and responsibility which are also found in the worship and
ritual of the sub-caste. Gods and goddesses in Hinduism, in particular,
are conceived of as kings with royal consorts. These rule the village or
town where their temple is found, as well as the universe. Generally
worship consists of acts of honouring the god and/or goddess, address-
ing them respectfully, offering them food and gifts, adorning them.
The father in a family is thought of in terms which resemble the
family deity which, properly honoured, protects the family. We can
see this relationship in the way wives traditionally are supposed to

98. The following discussion I take from the many accounts I have read of kin
relations among conventional Indians in rural and urban areas. Of particular use is the
Debate

regard their husbands. For many women her husband is like her god or is said to be her god. She will think of him and approach him in some of the same ways she approaches her deity in worship.

Everyone in the social segment has honour, with the oldest male head of the unit taking, formally, the function of the family ‘king’, the person with ostensibly the highest honour and ruling responsibility in the group. As the highest-ranking member of the micro-segment, the head represents it as he protects it. A slight to any member of the segment is perceived to dishonour all, but the head takes the lead formally in regaining lost honour and status. He also protects the honour of the group by enforcing adherence to a code for conduct, traditionally linked to its particular sub-caste and clan. The oldest male head has chief responsibility for punishing misbehaviour. Strictures on the movements of women are traditionally severe and it is the responsibility of men in the group to protect them. A man whose family members act inappropriately suffers humiliation and shame in part because of his presumed failure to rule effectively.

An insult from a member of the group signifies rebellion against the rule of the head. Despite outward shows of order, group relations, particularly among brothers and cousins, can be highly conflicted. The conflicts can involve disagreement over control of segment assets, but will often be expressed in terms of respect. There will be quarrels over appropriate shows of respect or the lack of respectful behaviour. In some contexts and situations, therefore, there will be competition for honour and authority in the group, depending on its size and constitution and on the personalities of members.

Most people growing up in a social segment will have their notions of social hierarchy and the nature of authority strongly informed by the values which lie behind the organisation of relationships in a family. Many people in India, particularly those who have little or no education and who have grown up at some distance from modern and western cultural influence, transfer to those in power notions of dominance and authority which they have experienced as members of segmented social units. Here authority is tied to persons who are thought to represent and protect the group. The head of the group is properly treated with shows of honour and respect which often seem overly elaborate to Europeans. Just by virtue of being the head, one has honour, but one has to protect that honour from rivals. In this context honour does not mean main personal integrity so much as dominance and authority in a social or political domain.

Personal interaction in day-to-day affairs in India shows individuals in countless acts of deference and respect toward presumed superiors,
using physical movement and language. Issues of honour are woven into the fabric of political intercourse on all levels. And here issues of the distribution of resources are not far behind. There is much evidence to suggest that headship of a political faction or other kind of domain is implicitly modelled on notions of lordship, in which notions of honour play an important role. In much of Indian life in the last half of the 20th century, the symbolic content of this lordship has been monarchical (Price, 1989). The person who plays what anthropologists called the royal function in a domain is the person to whom is shown, formally and/or informally, the highest honour. An anthropologist writing on political ideology in a village in West Bengal, Marvin Davis, noted:

Torkotala villagers…regard the king—whatever his actual varna [caste category]—as a kshatriya [warrior] and look upon him as the exemplary political figure… Each head of a [domain] replicates the function of a king, as it were, within a more limited realm…. Individuals and groupings of individuals at every level of social organization are thus seen as replicating royal functions, as being single or collective political actors, each concerned with the common aim of maintaining and upholding dharma [correct cosmic order] (Davis, 1983: 112–13).

At the core of kingly models for patronage is the conviction that daily well-being or relief from distress is dependent on discrete acts of mercy and generosity from superior beings, human or divine. Political possibilities are focused on what a figure of superior status and power can do to affect the well-being of others, either through largess and/or command of labour. Traditionally in Indian polity, the role of a ruler has been not to hoard wealth and centralise power so much as to determine their distribution (Heesterman, 1985: 138, 140). Historically, largess has played a major role in Indian polity in strategies for the achievement of high status. There is reason to believe that, to the extent that corruption involves redistributive micro-strategies, it needs to be viewed in this context.

If we take the example of Tamil polity as an example, vallanmai, charity or liberality in Tamil, has associations which go beyond the act of giving. Charitable and generous giving is associated with preserving, protecting and establishing. Dharma, in Tamil, refers to acting in accordance with and towards the support and protection of right order, and is often translated as liberality. A vallal, a man of outstanding charity and generosity, is also a tarumavan (from the word for
dharma, tarumam). A Tamil word for king, puravalan, means a protector (coming from the pura, to protect), a defender and a liberal (generous) man. In monarchical cosmology, in appropriately allocating resources, the king acted in accordance with dharma, protecting the right order of things.\textsuperscript{10}

The concept of \textit{dharma} in connection with conventional actions is often associated with obedience to caste codes as the way a person plays his role in the maintenance of right order. Less attention has been paid to the notion of \textit{dharma} as respect for the daily sphere and domain of a person as he fulfilled his \textit{dharma}. In other words, built into the notion of \textit{dharma} is the idea that every person has a right to his micro-domain of action, however low in status it may be. A patron in India exerts personal authority appropriately when he is generous because he is allowing his subordinates to build, protect and sustain their own personal domains. In politics this means allowing lesser politicians who are in one’s faction the possibility of enhancing their own honour and developing their own possibilities for patronage, however limited this may be. From the point of view of actors in Indian politics, the distribution of spoils – along with the endless ‘fixing’ activities for constituents or would-be constituents – is part of the constitution of the (moral) authority of a politician. It would appear that superiors at different levels in bureaucratic administration in India feel, as well, that they have an informal obligation to allow their subordinates some room for the construction or maintenance of their personal domains. They may fear the consequences of instigating strong disciplinary measures, since these can be seen by their subordinates as a grossly inappropriate use of authority. This may be a reason why it has proved so difficult to wipe out corrupt practices in some sectors of the state and national bureaucracies.

In his famous book on the corruption of local-level bureaucrats in South India under colonial rule in the 19th century, Robert Frykenberg made ample use of the metaphor of white ants eating out the umbrella of state, pointing out that ‘[t]he white umbrella (with gold and scarlet trimming), a proud and lofty structure, is the traditional Indian symbol of Royal authority’ (Frykenberg, 1965: 231):

The white ant is a tiny creature of tremendous energy and silence which, by combining its efforts with countless other tiny brothers, can make a hollow shell or empty crust out of the stoutest wooden structure – as many a person has discovered to his sorrow upon sitting in a chair long left in some neglected \textit{dak} (traveller’s) domain.
Pamela Price

bungalow. The ant typifies what happens when energetic and silent local leadership, in combination, makes a hollow mockery out of the stoutest administrative structure.

What Frykenberg’s study of local colonial administration and my study of zamindari management suggest is that subordinates felt that they had the right to carve out their own micro-areas of lordship inside wider structures of rule. In return they honoured those rulers who permitted, wittingly or not, this domain construction. These case-studies from South India suggest that we can talk about monarchical cosmology in the 19th century in localities. The persistence of notions of honour, lordship and the personal distribution of resources in the 20th century speaks for the existence of contemporary cosmologies of social and political segmentation.

As I have indicated above, modern segmentary politics tends to be highly conflicted. Considering the relative instability of political relations in the informal structures of these politics, observers of Indian politics and administration may have to redefine their notions of professional, efficient practice. Administrative and political leadership consists very much of continuous, time-consuming activities of conflict management. In political parties in particular, the strategic distribution of cash plays an important role in attempts at party integration and coherence. Examining corruption in the context of systems of relationships and values leads to the conclusion that the best that Indian citizens – as well as their politicians and administrators – can expect for a long time to come is the management of corruption, not its eradication.

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Debate


Summary

Some kinds of corruption in bureaucratic and political institutions in India are the function of systems of belief and practice which have historical antecedents. Corrupt actions are part of complex cultural dynamics involving contested notions about the ontology of ranks and statuses and the nature of authority. Based on research from South India, the author argues that political and social segmentary structures play major roles in influencing ordinary people’s notions about the nature of political domains and authoritative responsibility.
Introduction
Roughly 75 per cent of the people in low-income countries are employed in agriculture (Case, 1995: 81). Households engaged in agriculture in poor countries often must cope not only with severe poverty, but also with extremely variable incomes. Their income is partly determined by factors beyond the control of individual households, like weather conditions and crop prices. For households already living close to subsistence level, income risks are especially important because they often result in consumption fluctuations. The step can be very small from a bad growing season to malnutrition, disease and even starvation. Poor farmers need ways to protect themselves against the risk of a bad year. For them, finding ways to smooth out their income or consumption between years or seasons can make the difference between life and death.

In most parts of the developing world, poor farm households also lack access to formal insurance and credit markets. For instance, only five per cent of the households in Africa and 15 per cent of the households in Asia and Latin America get access to credit (Braverman and Guasch, 1993: 54). Recent work in development economics has examined implications of income variability and lack of formal insurance and credit markets for individual utility, production decisions and the evolution and functioning of economic institutions. This literature reveals how farmers engage in many types of both ex ante risk management strategies to reduce income variability and ex post coping strategies to smooth out their consumption between good years and bad years.
Risk coping occurs at two stages. First, households can smooth consumption after a shock has occurred and help insulate consumption against income variability. They can smooth consumption by borrowing, by saving and depletion of assets, by adjusting labour supply, and by employing formal and informal insurance arrangements. Second, households can smooth income. This is most often achieved through conservative production choices, institutional arrangements like tenancy contracts and diversifying income sources.

Both types of risk coping are employed extensively in low-income economies. The two types can also function as substitutes for each other (Morduch, 1995: 103–114). If insurance or credit is available, the need for income-smoothing is less urgent. And if non-expensive means of income-smoothing exist, consumption-smoothing becomes less important.

The main objectives of this review article are (1) to give a review of recent literature on risk and strategies to cope with risks, and (2) to use this literature to show how access to means to smooth consumption varies considerably between relatively rich and poor households, where rich households have a much better access to these means than poorer households. Households with small possibilities to smooth consumption between good and bad years have to engage in income-smoothing activities. These income-smoothing activities are often very costly. Thus the absence of credit and insurance markets can lead to increased inequalities.

For the purpose of this article I use the terms ‘farmer’ and ‘farm household’ interchangeably. The assumption of a ‘unitary household’ functioning as a single coherent entity is both convenient and innocuous in the context of the discussion in this article (though in many other circumstances it would be neither!). Different members of a household might have different strategies and/or opportunities for dealing with risk. Intra-household resource allocation, however, should not influence the main conclusions of this particular article.¹

The article is organised as follows. In the next section, I briefly discuss the various sources of risk confronting farm households in developing countries. I will give some empirical evidence of how important risk is, and briefly introduce the difference between covariate and idiosyncratic risks. The following section presents consumption- and income-smoothing strategies. The article sums up in the last section.

¹ For a review of economic studies on intra-household resource allocation see, for instance, Strauss and Thomas (1995) or Hoddinott, Hoddinott and Alderman (1997).
Risk

When agriculture plays an important part in income generation activities, incomes tend to be volatile. Fluctuations in weather patterns and commodity prices translate into income shocks faced by farm households. Households are also vulnerable to risk from sources like crop pests and diseases, sickness or death of animals, human illness, tenure uncertainty, state action and wars. According to Morduch (1995: 105) the average coefficient of variation in household income faced by farmers in some Indian villages surveyed over 10 years was in the order of 40 per cent. When considering just farm profits, the average coefficient of variation was found to be over 125 per cent. In concrete terms this means that farm income one year can be more than twice as high as the average, and the next year it can be zero.

The central nature of such risk in developing countries raises the issue of how covariate or insurable these various risks are. If shocks or adverse events are idiosyncratic, that is, peculiar to the individual or household, then local risk pooling or insurance may be feasible. On the other hand, if shocks are aggregate shocks, common to the whole village, region or nation, then insurance possibilities are more limited. It is traditionally believed that risk facing households in developing countries are covariate. The development literature imagines most people doing the same thing and experiencing the same lack of rain or low commodity prices, for example. Thus if one farmer experiences a bad year it is quite likely that his or her neighbours would also have poor harvests. Then risk is covariate. However, new evidence on actual households in a number of developing countries suggests that the incomes of households in a village or region move together much less than expected.

Townsend (1994: 539–591) shows that within each of three villages in India, particular household incomes vary considerably over time from the village average. This is true whether the household is landless or is a small, medium or large landholder. Townsend shows that incomes do not comove across households in each of these villages because households earn their incomes in different ways, and are thus subject to different household specific risks. Another study by Townsend (1995: 83–102) from Thailand came to similar conclusions. He found considerable diversity in growth rates across counties in a given region over a given pair of years. Using data from Côte d’Ivoire,

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2. Covariate risk is risk that is similar for all households in the village or local area (e.g., risk related to weather or prices). When risk is covariate it means if one household has a bad income one year (due to bad weather or poor prices), then all the other households in the village also have low income.
Mette Wik

Deaton (1997: 379) also found little evidence of covariation between incomes for different farmers in the same location. He argues that crops in these villages are certainly affected by weather conditions, and fires in the cocoa- and coffee-growing areas are frequent occurrences, so the absence of significant village-level effects on household income remained a puzzle. He argued that if village effects exist, they were swamped by intravillage variation from one household to the other.

The empirical evidence from these studies indicates that incomes of households in villages of developing countries do not move as much in unison from one year to the next as the earlier literature assumed. This striking finding raises the question of possible measurement error. Perhaps the ups and downs of idiosyncratic income movements reflect mainly the ups and downs of poorly measured incomes of households over time and across households. However, Deaton (1997: 379) showed that the measurement error had to be extraordinarily large to explain the absence of village effects. If these findings are true for most villages in developing countries, there is apparently considerable scope for social insurance.

These results are probably counterintuitive to many of us. In the autumn of 1998 we saw TV pictures from villages in Honduras and Nicaragua, where livelihoods were destroyed for all the people in hundreds of villages. We have also seen pictures from droughts and famines in Sudan, or floods in Bangladesh. These realities are the results of extreme risks, which certainly are covariate. But we have to bear in mind that most villages in developing countries only very rarely or never suffer from natural catastrophes like these. Still, covariate risk is important also to these households. And in semi-arid areas for instance, with frequent droughts, risk is probably mainly covariate.

Risk-coping strategies

Formal market institutions for dealing with risk, whether through insurance or through credit, are often poorly developed in rural areas of developing countries. The frequent failure of formal credit or insurance institutions in low-income situations is commonly attributed to informational problems, such as adverse selection or moral hazard. Holden and Binswanger (1998: 54) point to research from India showing that formal credit facilities were more developed in low-risk than in high-risk areas. However, in the absence of formal insurance and credit institutions, households find other ways of dealing with income risk.
As mentioned above, I have divided what I have called risk-coping strategies into consumption-smoothing strategies and income-smoothing strategies. I will first discuss consumption-smoothing strategies, because the availability or not of good consumption-smoothing strategies influences to what degree farmers engage in income-smoothing strategies.

**Consumption-smoothing strategies**

There are many ways of smoothing consumption. Important issues in determining which strategies households use are: First, what markets or technologies are available to manage income risk? Storage of grains has been used from biblical times. Real and financial assets can be bought in good times and sold in bad. Networks of family and friends can provide implicit insurance. Second, what financial institutions are available to offer implicit and explicit insurance? Possible examples include village-level grain banks, credit unions and local moneylenders, rotating savings and credit institutions, rural credit programmes, national-level banks and insurance companies.

I have chosen to divide the different consumption-smoothing activities households engage in into individual and group consumption-smoothing.

**Individual consumption-smoothing.** If income risk is mainly covariate, and when formal insurance or credit households are absent, farmers will have to deal with this risk at individual farm level, through mechanisms such as accumulation (saving) and depletion (dissaving) of assets, or adjusting labour supply.

Consumption-smoothing over different time periods takes place all the time. We normally expect even the poorest households to be able to consume on days on which they receive no income, but consumption is often at risk from seasonal fluctuations in income. Evidence from Ethiopia, for instance (Figure 1), shows that calorie consumption is considerably lower just before harvests than immediately after harvests (Webb and Kumar, 1995: 211–212). However, more affluent households maintain a relatively stable level of consumption throughout the year, dipping only slightly just prior to harvest, while households with less land exhibit a steady decline in their consumption. There is substantial literature in development economics on the risks associated with seasonal shortages.
Deaton (1997: 339–342), referring to research from Thailand, Taiwan, Britain and the United States, shows that consumption moves parallel to income over people’s life cycles, and that income and consumption are closely tied together over periods longer than a few years. But such a finding does not imply that consumption and income are closely related during shorter frequencies of days, months, seasons or years. Such short-term smoothing reveals the extent to which households can maintain their consumption and living standards in the face of short-term fluctuations in their incomes, fluctuations that can be frequent and large for agricultural households on the margin. The literature looking at whether farmers set something aside in good years so as to detach their annual consumption levels from their annual incomes is often couched in terms of the permanent income hypothesis. This hypothesis originated in Friedman’s (1957) theory that consumption is determined not by current income, but by permanent income, where permanent income can be defined over various possible time horizons. The horizon could be a lifetime, but also a shorter horizon of just a few years. If current income is the sum of permanent and transitory income, and consumption is determined by permanent income, transitory income (or the difference between permanent and current income) is used to smooth consumption. In years where transitory income is positive (good years), the household will save, and these savings can be used to smooth consumption in bad years where transitory income is negative.
Books

It is not straightforward to use household survey data to investigate the extent to which consumption is smoothed over time. Looking at changes in income and consumption requires panel data (data collected over a period of time, by repeated surveys of households). Furthermore, accurate measures of income and consumption are very hard to obtain. Still, there are some useful studies based on household survey data which have enhanced our understanding of these issues. I will refer to the main findings from some of these studies:

Deaton (1997: 352) refers to studies from Colombia, Ecuador, Peru and India. These studies rarely found that the propensity to consume out of permanent income is larger than the propensity to consume out of transitory income, suggesting at least some consumption-smoothing.

Paxson’s (1992:15–33) study of rice farmers in Thailand provides convincing evidence that farmers respond differently to transitory and permanent income. Most rice farms in Thailand are not irrigated, so crop yields depend on the amount of rainfall, with more rainfall generally resulting in higher income. Paxson argues that income associated with good rainfall is transitory, with close to no direct effect on permanent income. Doing regression analysis, which allows the transitory component of income to be isolated from permanent income, she finds that permanent income is much more important in determining consumption than is transitory income. These Thai rice farmers thus appear to recognise that it is wise to lay aside a substantial fraction of the rain-induced income. In another study from Thailand, Paxson (1993: 39–72) compares seasonal consumption patterns of groups whose seasonal income patterns are very different. She finds that consumption patterns of the different groups are very similar, even for groups with large differences in income patterns (Figure 2). These studies indicate that households do smooth consumption between different time periods.
The above examples give evidence of consumption-smoothing. Some of the examples also give evidence of permanent income being important in determining the level of consumption. Still this research does not necessarily provide evidence about what the farmers do with their transitory income. We still don’t know how the farmers smooth consumption. Do they save the transitory income? Do they invest in different types of financial or non-financial assets? Or is this transitory income contributing to different non-market insurance or credit institutions?

Studies from India (Rozenzweig and Wolpin, 1993: 225–229) indicate that sales of bullocks increase significantly when the weather is poor, and hence incomes are low, and purchases of bullocks increase when rainfall is ample and incomes are above average. These studies
could not find that any other productive assets were used to smooth consumption. A study of resettled households in Zimbabwe (Kinsey et al., 1998: 89–110) also showed that the most important way in which the households coped with risk was through the sale of cattle.

Personal savings in low-income countries are often constricted. Good savings instruments may be scarce, due to inflation or because it can be hard to find assets that assure a positive return for postponing consumption. Saving, by holding stocks, say of food, is an alternative, but this is also fraught with difficulties. Social constraints can also make saving unattractive. In Zambia and other places familial obligations put pressure on households to share their stocks or savings with relatives. These difficulties suggest that there might be other ways to protect against fluctuating income than just saving, and this brings us to discussing social arrangements for risk sharing.

Consumption-smoothing over different groups. I have already argued that if the risks are largely idiosyncratic, as some empirical evidence indicates, then risk-averse households should group together to share all risks. In this way risk is diversified away by spreading to a larger group of agents, leaving individual consumption subject only to village or region-wide risk. If risk is fully pooled, for instance, by all households in a village, then growth in household consumption should track growth in village average consumption. To put it another way, movements in average group consumption now represent aggregate risk. The amount of risk sharing that actually takes place can thus be compared to this benchmark of full risk sharing.

Townsend (1995: 89–92) suggests an empirical test for the degree of risk sharing within a village or local region. Average group consumption, household specific income and shocks like unemployment and sickness can be used as independent variables. Through regression analysis, we can see how these independent variables affect the dependent variable – individual household consumption. If risk sharing is complete, the coefficient on group consumption will be one, and the coefficient on household income and all other shocks will be zero.

Different versions of this approach have been used on different datasets. In a study from India, Townsend (1994: 539–591) found that villages display a considerable amount of risk sharing, though pooling was less than perfect. Individual household income also significantly affected household consumption. Similar results were also found in Thailand (Townsend, 1995: 92–96), Côte d’Ivoire (Deaton, 1997: 377–383) and China (Jalan and Ravallion, 1999: 61–81). Thus there is
Mette Wik

some evidence of risk pooling, but the full-insurance hypothesis is not borne out in most datasets.

Another revealing finding by Townsend’s (1995: 94) study in Thailand was that there was much more risk pooling among farmers than among entrepreneurs, and less risk sharing in the greater Bangkok area than within other regions. Farmers in the north and northeast, the areas of Thailand with the lowest growth levels, appeared to share risk the most. Townsend suggests that this is an indication of consumption insurance, whether indigenous or otherwise, deteriorating with growth. This finding is not consistent with the findings from China (Jalan and Ravallion, 1999: 61–81) where the extent of insurance in a given wealth stratum varied little between poor and non-poor areas.

The literature often emphasises the lack of moral hazard and adverse selection problems as main reasons why local insurance or credit institutions can function effectively where formal institutions fail. Non-market, informal institutions include individuals who tend to know each other well and who interact in a variety of contexts. Thus, they have a greater ability to monitor each other than do formal financial institutions, such as banks and insurance companies. In these social structures, mechanisms of social control already exist to limit antisocial behaviour. Thus, an individual who fails to honour an obligation can be punished, even if no written contract has been violated.

When systems for sharing risk are social systems, they will vary greatly from one village to the next, and from one culture to another. It might therefore be quite difficult to find global theories of how social institutions are born, grow, change and develop. Still there exist many studies of how local institutions function in different localities.

Udry (1994: 495–526) studied informal credit institutions in northern Nigeria. Loans in the villages he studied were quite informal, and were made without witnesses or written records. Although the borrower and lender negotiated over the size of the loan, explicit interest rates or repayment dates were almost never set. He also showed that there was widespread participation on both sides of the credit market in these villages. Over half of the households participated as both borrowers and lenders during the same year. Udry emphasised (p. 496) that information flows freely between borrowers and lenders within a small geographic or social space. He also showed that the free flow of information allowed credit contracts to play a direct role in insuring against risk. Realised rates of return were lower and repayment periods were longer for debtor households that had received adverse shocks. He also found evidence of repayments responding to the circumstances of the lending household. Many other studies of local cre-
Books

dit and insurance institutions have also emphasised the importance of close social relationships for the functioning of such institutions. Such traditional institutions or customs seem in general to disappear as capital markets develop (Besley, 1995:121).

We have now seen that households with access to credit or insurance institutions, either formal or informal, can use these to diversify risk and potentially to raise levels of income, consumption and savings. But do all households in a village or a country have the same access to these institutions? Morduch (1995: 107) found substantial evidence of consumption-smoothing among better-off (but still absolutely poor) farmers in India, while landless labourers and small farmers in the same areas appeared to face substantial constraints in borrowing. In their study of rural households in China, Jalan and Ravallion (1999: 61) found that partial insurance is indicated for all wealth groups, but that the richer households are much better insured than the poorer households. For the poorest ten per cent of the households 40 per cent of an income shock was passed onto current consumption. By contrast, consumption by the richest third of households was protected from almost 90 per cent of an income shock.

When the poorest households have few possibilities to smooth consumption, they have to rely more upon income-smoothing strategies.

*Income-smoothing strategies*

If full markets for insurance and credit existed, farmers could use these markets as a cushion to smooth consumption between good and bad years. It would not be necessary for farmers to engage in income-smoothing activities, and they could choose the income-generating activities that yielded the highest profits. But since insurance and credit markets often do not exist, and if they exist, they usually work imperfectly, poor farmers find ways of smoothing income through their choice of income-generating activities. Several of these strategies include choosing production technologies that have lower variance, but at the cost of lower expected outcomes, than the most profitable technologies. Many studies point to farmers’ risk aversion as the culprit when results indicate that households are not maximising profits. But recent research has shown that poor farmers do not necessarily need to be very risk averse to choose income-generating activities with low expected yields and low variance (Eswaran and Kotwal, 1990: 473–482). If the farmer is very poor and has no access to insurance or credit, his or her only way of smoothing consumption can be through income-generating activities. Thus, differences in risk behavi-
Mette Wik

ours need not arise from differences in risk preferences. They may rather be due to differences in abilities to pool risks across time.

One method of income-smoothing is to favour variability-reducing crops, varieties, inputs and/or production techniques. For example, rice farmers in South India have been shown to use more labour than would be called for on the grounds of profit maximisation alone. On average, their labour use implies a relative risk premium of 14 per cent of expected net return (Antle, 1987: 518). Alternatively, inputs may be used less intensively as a way of reducing the level of investment tied up in risky activities. In a study from Uttar Pradesh in North India, Bliss and Stern (1982: chapter 8) found that even though fertiliser is a highly productive input in wheat cultivation, farmers use far less fertiliser than they might were they to maximise profits (marginal product of fertiliser remained 3.5 times its price). Farmers could raise profits substantially by increasing application of fertilisers, but by using less fertiliser, investment losses were reduced in bad times. These examples show that conservative production choices can involve considerable costs.

Different types of institutional arrangements such as labour or sharecropping contracts can also be viable ways of smoothing income.

Another common strategy for households to smooth income is to diversify their income sources. Diversifying is an effective strategy to reduce total income risk when the covariance between the different income sources is low. The lower the covariance, the lower is the total riskiness of income. In farm societies, the cultivation of different crops and often combining crop and livestock farming are important strategies for diversification. The choice of agricultural activities can be influenced by varying factors in terms of drought tolerance, maturity period, pest resistance, input needs, and so forth.

Other income-diversifying strategies can be hiring out of human labour and bullocks, or earnings and remittances from migrated members of the extended family. On-farm non-agricultural activities such as handicrafts can also offer a way of diversifying income. Evidence from Burkina Faso (Reardon et al., 1992: 264–296) and India (Walker and Ryan, 1990: 256) suggests that non-agricultural based income diversification tends to be quite effective as a risk-reducing strategy, since these incomes tend to be less correlated with crop income than different crop incomes with each other.

Engaging in multiple activities may not be risk reducing in itself, of course, since moving from specialisation in a single, conservative activity to undertaking a mix of riskier activities can increase risk. Farmers may also have other motives behind engaging in multiple
activities than avoiding risk. They can engage in different activities to increase income. They may try to smooth out labour requirements when labour markets are imperfect, or produce commodities the household demands but for which markets are non-existing or imperfect. Another reason could be heterogeneous land qualities within the farm, which imply that different crops or varieties are profitable when cultivating the different land qualities (Bellon and Taylor, 1993: 763–786).

We have seen that engaging in risk-reducing activities that involve the use of low-risk, low-income technologies can imply considerable costs for the farmers. Evidence also exists of these costs being considerably higher for poorer households than for wealthier households. For example, one study from India (Morduch, 1995: 110) finds that households whose consumption levels are most vulnerable to income shocks devote a greater share of land to safer, traditional varieties of rice and castor bean than to riskier, high-yielding varieties. He also found that the most vulnerable households were most likely to diversify plots, a common means of reducing the impact of weather shocks that vary with location. A similar result was found in a study from Tanzania (Dercon, 1996: 505–506). In this study, poorer farmers were found to grow relatively more of the low-risk, low-return sweet potatoes than did wealthier farmers. Means for consumption-smoothing influence the households’ ability to withstand risk, and hence their income/livelihood strategies.

Binswanger and Rozensweig (1993: 56–78) argue that as the environment becomes riskier, vulnerable households would be expected to shift production into more conservative, but less profitable modes. They use a production function estimated from an ICRISAT data set to quantify the effects of increasing the coefficient of variation of rainfall by one standard deviation. Their results showed that the impact of this increased risk on profits was much bigger for a poor household than for a richer household. For a household with median wealth level (this is still a very poor household), farm profits would be reduced by 15 per cent, but for the bottom wealth quartile, income-smoothing would reduce farm profits by 35 per cent. The households in the top wealth quartile had adequate ways to cope with income risk, and increased riskiness would not affect profitability for the richest farmers. But, for the poorest farmers, a 35 per cent decrease in profits was the price they paid for increased security, in a situation of considerable risk.

Carter (1997: 557–590) studied households in different villages in Burkina Faso. He found a clear correspondence between a house-
hold’s endowments and its risk exposure. For the poorest quartile of the population in these villages, there was an 85 per cent risk of not being able to produce enough food to provide physical subsistence (200 kg of grains annually per consumer), while a household in the upper quartile of the wealth distribution had a risk of ten per cent of not producing enough for subsistence (Figure 3).

Figure 3. Endowment of food and risk correspondence under alternative social structures in the Sahel region of Burkina Faso (source: Carter, 1997: 580).

These findings indicate that the inability of households to cope with adverse shocks on the consumption side can exacerbate inequalities.

**Summing up**

Households in developing countries face many types of risk. These risks can be grouped into covariate and idiosyncratic risk. Both traditional research and intuition assumed that most income risk in rural areas was covariate, but more recent research indicates that idiosyncratic income risk is also important. When risk is idiosyncratic, it is possible for farmers to ‘share’ risk.

This review article has shown how farmers have different ways of dealing with income risk. They can smooth income through different means. Income-smoothing activities are, however, often very costly. Farmers can also smooth consumption, through saving or risk-sharing arrangements.

Whether or not farmers use income-smoothing strategies depends very much on the availability of consumption-smoothing strategies. If
credit or insurance is available, farmers do not need to engage as much in costly income-smoothing activities. But since consumption-smoothing strategies usually give only partial insurance, and are often too costly or not available for the poorest and most vulnerable farmers, these farmers have to use income-smoothing strategies. Thus, limited access to credit and insurance institutions reinforces low levels of income, consumption and saving for certain groups, leading to increased inequalities over time. The case for public action to provide better insurance and/or credit in poor rural economies is thus strengthened on both equity and efficiency grounds.

Books


Literature


Summary


Households in developing countries face many types of risk. Traditional research has assumed that most income risk in rural areas is covariate (i.e. all households are facing the same risk), but more recent research indicates that idiosyncratic risk (i.e. risk that is peculiar to the individual or household) is also important. This article reviews some of this literature, and discusses different strategies farmers use to smooth income and/or consumption. The article argues that income-smoothing strategies are often very costly, and if credit or insurance is available, farmers do not need to engage as much in costly income-smoothing activities. But since credit and insurance often are not available for the poorest and most vulnerable farmers, these farmers have to use income-smoothing strategies. Thus, poor people’s limited access to credit and insurance institutions reinforces low levels of income, consumption and saving for certain groups, leading to increased inequality over time.