

Economic Growth and Success in Sub-Saharan Africa:
Is Politico-Economic Realignment Enough?

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Abstract: Have politico-economic realignments led to sectoral economic growth patterns in Sub-Saharan Africa? This paper argues that these policy reforms alone are not sufficient to propel these states' economies into the ranks of the more developed nations and that strong regulatory reforms are necessary. This qualitative analysis examines the circumstances of varied economic sectoral reforms throughout Sub-Saharan Africa.

The head of the Nigerian Anti-Corruption Commission, in an interview with Richard Crockett in 2007, gave a very disturbing statistic. He estimated that from 1960 to 1999, Nigerian politicians had stolen or squandered as much as 380 billion dollars; which totals two thirds of all the aid given to all of Africa during that same time period. When asked why he had chosen to end the time period with 1999, he said that he feared what would happen to him if he were to implicate the nation's current leader, who took control of the country in that year. No doubt this number would have been much higher had he included the time from 1999 to the present (Economist, 2007). With this, and many other forms of corruption running rampant across Africa, it is difficult for many to see an end to the economic stagnation and disillusionment across the continent.

To this day much of Sub-Saharan Africa remains plagued by famine, war, disease, underdevelopment, and corruption resulting from a brutal colonial history and the subsequent fallout (Rapley, 2007). What is the root of the continued existence of these problems in Sub-Saharan Africa? Many complain of a lack of aid to these poor nations from the international community. Others cite unfair trade terms with the developed world which limit their economic options (Ndikumana, 2001). Still others ask whether African political leaders are doing the very best they can and argue that Africa is destined to remain impoverished because of the irresponsibility of its own backward governance. They cite the venality and corruption embedded within much of Africa's governing structure as the reason for its prolonged struggles and claim that political reform, not more aid or better terms of trade, is the key to Africa's growth and economic development (Kennedy, 1994).

In this paper I will show that political reform is not an end-all solution when it comes to sectoral economic growth as some previous researchers might have you believe. Many scholars in African political and economic studies tout a sort of politico-economic realignment as the best remedy to the ills of economic stagnation in third world countries. These scholars often require of underdeveloped nations political and economic liberalization, comprehensive political freedoms, and governments that place the greater public interest above their own. Many also champion this type of reform as the most effective means of rendering it in the political interests of incumbents to choose policies that strengthen rather than undermine or weaken the country's political and economic capabilities. By introducing political accountability and economic competition into state policy, reformers seek to render governments accountable to private citizens, thus aligning political and economic incentives with collective interests. But do the outcomes of these politico-economic reforms truly match their intentions? In this paper I will examine recent economic and political trends in Nigeria, South Africa, Mauritius, Kenya, and Ghana in order to determine: 1) whether 'politico-economic realignments' and 'regulatory reforms' in Sub-Saharan Africa have achieved their intended results in their specific realms of influence in certain economic sectors and; 2) why these realignments and reforms have or have not been successful in achieving economic success.

I will argue that politico-economic realignment alone is not sufficient to hoist Sub-Saharan nations out of the depths of "the African tragedy" (Smith, 2006) and into the light of economic growth. In fact, I find that there is evidence to the contrary. In my research I have found that in many Sub-Saharan cases, this type of policy realignment when practiced without

appropriate regulatory reform, serves to exacerbate and cement the broken economic and social structures already in place. Governments are able to adopt policies that undermine the economic prosperity of their nations due to their persistent lack of political accountability. Despite restructurings, leaders are often able to maintain control of the relevant agencies of power and elude political repercussions. Not being accountable, these governments adopt policies that confer concentrated benefits on elites while imposing widely distributed costs on those who generated the wealth of the nation. One striking example of this phenomenon is the tenure of Daniel arap Moi in Kenya.

When in 1991 the Kenya African National Union (KANU) government headed by Moi legalized the formation of competing political parties, leading dissenters formed the Forum for the Restoration of Democracy (FORD). In the few years thereafter, the Kenyan political landscape saw an abundance of newcomers into the political arena. In 1992, FORD, undergoing internal turmoil, fractured forming three new parties. Given that a plurality of votes was sufficient to win an election, the number of opposition parties made it possible for Moi and KANU to remain in office, even when opposed by sixty percent of the electorate in the 1992 election (Throup and Hornsby 1998). It was not until 2002 that the opposition parties agree to merge; and when it did, KANU was swept from power. Over the course of his reign and from the 1990s, Moi has overseen “economic growth and [a] standard of living [that has] declined or stagnated from its peak growth of eight percent just decades before to negative three percent in 2001 (Phombeah, 2002). The fact that it had remained in power for over a decade while facing competitive elections and while exhibiting extraordinary incompetence in its management of the

Kenyan economy underscores the weakness of the politico-economic reform model (Bates, Forthcoming).

Before moving on to the theoretical and argumentative sections of this paper, it is first necessary to define two key terms which I have either adopted from the field or modified for my purposes. I refer to policy changes that address issues of both government and business elite accountability within states and the shifting of government actors' interests away from themselves and their narrow interests and toward the people as "politico-economic realignment." These types of reforms are inherently political as they are the result of direct changes to physical government structure, such as movement from no-party or one-party to competitive political systems or from military to civilian regimes and changes to the penetrative depth of government interaction within sectors.

When I speak of "regulatory reform" I refer to improvements to the quality of regulation and maintenance of the realignments mentioned above. The literature suggests three distinct areas of focus for these reforms: "(1) substantive restraints on the discretion of the regulator (2) informal and formal constraints on changing the regulatory policies and (3) institutions giving protection to these constraints" (Levy and Spiller, 1996). Regulatory reforms aim to remove unnecessary obstacles to competition, innovation and growth, while ensuring that regulations efficiently serve important social objectives (Block, 2002). Missing from both of these terms is any notion of the development of political liberties, freedom of association and expression, political rights, or any of the many other conditions often presented in relevant democratization literature and from those who advocate politico-economic realignments. 'Democratization' often

assumes a specific shift toward a ‘western’ way of political structure. While this is most often the sort of reform undertaken in Sub-Saharan states, I do not limit my study by including other forms of politico-economic realignment. I join with a long line of scholars in maintaining a stark distinction between ‘democratization’ and ‘reform’ and I focus exclusively on the latter.

I contend that while politico-economic realignment is not a sufficient condition for sector-specific economic growth in these states, it may aid states that navigate its implementation correctly. I, and others, find that this type of reform can have a significant impact on many aspects of society such as equality and development; it just happens that these aspects do not typically include growth-conducive economic management practices (Bates, Forthcoming). I refute the claims of the scholars mentioned above that politico-economic reforms are a necessary condition for successful sectoral growth as there are many cases in which success is seen without it.

I conclude that regulatory reform, however, is as an important necessary condition, and perhaps even one of sufficiency, to economic growth within Sub-Saharan economic sectors. Regulatory reform is often sufficient to carry these sectors into growth because many of these Sub-Saharan states lack a strong legal tradition (Andoh, 1999). The implementation of strong, capable, autonomous regulatory bodies immediately enables private enterprise to flourish unobstructed by government interference. To be successful, however, these reforms must ensure the existence of agencies that are “legally enabled and empowered, and factually willing and able, to take actions that span from routine oversight to criminal sanctions or impeachment in

relation to actions or omissions by other agents or agencies of the state that may be qualified as unlawful” (O’Donnell, 2003).

The institution of these regulatory reforms have proven difficult in the past because “the top stratum of political leaders in much of Africa remains wedded to a political economy in which wealth and power derive from personal control of the resources of the state; As such, incumbent elites are predisposed to resist reforms to a system that has served them well in the past” (Bratton, 2004: 14). Often their apparent attempts at regulatory reforms are a mere ‘shuffling of the deck chairs,’ which only affect positive change for those who control the assets necessary for political power. In many cases of Sub-Saharan reform, the corruption, collusion, backwardness, opacity, and lack of true accountability that were present prior to the changes remain. Their reluctance to adopt these policies, however, can be at least partially attributed to their usual partner-policy prescription: rapid democratization. Politico-economic realignments have not seen economic growth in the majority of cases because they more often than not fail to adequately solve the problem of ‘government capture’ (Englebert, 2000). Economic restructuring within sectors requires an ability to resist entrenched economic groups, ethnic and regional demands, and clientelist pressures; an ability that most Sub-Saharan governments have not displayed.

Another reason I find that politico-economic realignments in Africa do not tend to lead to economic growth is that the average African citizen has an extremely difficult time recognizing the impacts of changes to macroeconomic policy; and so, they have an extremely difficult time expressing their policy preferences through the new political channels offered by politico-

economic restructuring. These average African citizens are much more able to see and feel the impact of social policy adjustments, which tend to affect them much more directly, so these are the changes they clamor for and hold their leaders accountable for. Despite the seemingly dim implications of a populous without the sophistication to effectively voice their preferences, there is hope for regulatory reform in Africa. This hope emanates from the growing evidence of a strong, capable class of businesspeople with the capacity for leading the regulatory reform charge.

Origins of Good Governance in Sub-Saharan Africa

As I stated earlier, my argument is partially grounded in the principle that the idea of an “autonomous state” in the Sub-Saharan African context is entirely misplaced. Despite the posturing of many of the governments of these underdeveloped nations, their countries lack the ability to exercise social control and manage and process competing and conflicting demands from autonomous groups within these societies. I accept the tenets of Joel Migdal, who claims that the state in the developing world remains weak and is subverted by the actions of the provincially-based “strongmen and power brokers” who maintain alternative organizational structures and are extremely effective in garnering the loyalty, support, and obedience of the masses or rural population (Migdal, 1989). Because of this weakness of the state, over the past two decades policy-makers and scholars alike have increasingly focused on the importance of effective, transparent institutions and good governance as critical determinants for stable economic growth (Halperin, 2006). This focus on institutions has been especially critical in

Africa, where anti-corruption agencies and governance projects are often charged with the improvement of overall institutional capability as the catalyst for better growth and development outcomes. Some argue that institutions “such as judiciaries, legislatures, and audit agencies, [are still not] functioning as credible accountability mechanisms [and they] *remain* de facto enablers of corruption” (Brookings, 2009). This is consistent with my position in that politico-economic restructuring can have adverse affects on market outcomes.

Several works have listed specific principles of good governance which often include citizen participation, freedom of speech, rule of law, transparency, responsiveness, and accountability (Dobriansky, 2003). “Since governance is the process of decision-making and the process by which decisions are implemented, an analysis of governance focuses on the formal and informal actors involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision” (ESCAP, 2009).

Many scholars argue that Sub-Saharan states can overcome their long-standing structural problems and achieve economic growth when governments are able to correctly and effectively mobilize and incorporate their domestic capitalist class into the affairs of the state. When leaders realize that their long-term fates are tied unalterably to the fate of their domestic corporations and business class, they are able to sync their own interests with those of the capitalist class. These scholars hold that the proper relationship between the governing elite and the domestic business class is essential in achieving and sustaining economic growth where there are problems of political corruption, inefficiency, and infrastructural decay. The proper inclusion level of the

domestic capitalist class in the governing apparatus in these developing states is one where their economic views and interests are not only considered, but synched with those of the governing elite.

Proper realignment is of the type of that reorients government positively with domestic capitalist class interest. I argue that the types of reform often imposed on African leaders by organizations like the International Monetary Fund, World Trade Organization, World Bank or United Nations, which often focus only on democratization and economic liberalization, are not the correct policy prescriptions. As demonstrated in the Kenyan case, Sub-Saharan leaders are nearly universally unwilling to enable political opposition within their countries and there is much literature on dual-transitions that suggests that regional elites prefer partial reform in political and economic institutional development so that they can avoid widening the sphere of accountability for their decisions in order to protect the gains they have made in the early stage of the economic transition (Mears, 2009).

Bates' work on African policy reform suggests that political reforms have rendered Africa's governments much less opportunistic; as private investors rated them far less likely to ignore debts or to seize investments. These policy reforms, however, appear to have had much less of an impact on the management, or mismanagement, of the macro-economy. In the face of prospective political defeat, as we saw earlier in the case of Kenya, governments in competitive systems tend to spend more, to borrow more, to print money, and to postpone needed revaluations of their currencies than do those not facing political competition (Bates,

Forthcoming). The empirical results of Bates' findings pose a challenge to those who look to politico-economic restructuring as the remedy to Sub-Saharan Africa's economic stagnation. Restructuring around privatization and democratization has become the predominant recommendation for nearly all economic sectors seeking positive growth. As John Ravenhill points out, "there is simply no guarantee that an economic system based predominantly on private enterprise in Africa will necessarily correspond to the alleged rationality of the marketplace" (Ravenhill, 1998).

Methods

To demonstrate my claims I will examine cases from across the Sub-Sahara, including Nigeria, South Africa, Mauritius, Kenya, and Ghana. Each shares in Sub-Saharan Africa's colonial history and each suffers, or has suffered, from a plethora of ailments common to most Sub-Saharan Africa states. More importantly for my study, however, are each state's attempts to reform a particular economic sector within their borders. Each has attempted some form of regulatory reform; three had nearly simultaneous politico-economic restructurings. The cases of Nigeria and South Africa demonstrate what I hypothesize will happen when reforms only focus on politico-economic realignment without adequate regulatory reform: economic progress within targeted economic sectors suffers while some other policies (social policies, etc.) can make progress. For the purposes of my study, 'economic progress' is measured by the relative levels of success in the targeted economic sectors seen before and after these realignments and reforms.

Mauritius, Kenya, and Ghana highlight great success when strong, capable regulatory institutions are put in place to oversee economic growth. I will show that politico-economic restructuring is not a necessary condition and that regulatory reform is a necessary and sometimes sufficient condition for growth within a sector. Each case typifies a different state of politico-economic restructuring within the state at or around the time that regulatory reforms were being implemented. Mauritius sees little to no restructuring; while Kenya and Ghana experience massive government upheaval- with Ghana undergoing decades of political upheaval in the years immediately preceding regulatory reform.

Oil in Nigeria

Nigeria has long had a significant private sector, elements of which have been every bit as inefficient as state-owned enterprises. “An effective capitalist system requires a state that provides an ‘enabling environment’ for business, but which is able to maintain some autonomy and avoid "capture" by the business class. Relationships that are too close degenerate into rent-seeking and "cronyism" or "pariah" capitalism, such as the kind found under...Sani Abacha in Nigeria” (Bräutigam, 1998). With approximately thirty billion petrodollars flowing into the governing regimes’ off-shore bank accounts daily (Atojoko, 2007), Nigeria is different from many other Sub-Saharan neocolonial states. The majority of the ruling elite do not really care about developing the manufacturing or agricultural sectors of the economy. Oil money makes up at least eighty five percent of yearly total government revenue and is the golden goose over which the elite fight. What is worse is that many of Nigeria’s political leaders have maintained

heavily socialist practices, such as the ownership of most of the nation's capital and land; "a substantial level of state ownership in modern industry, transportation, and commerce; [and] a penchant for public control of resource allocation in key sectors (Wiegand, 2008)," all while going through the motions of policy reform and change. There is a class of crony-capitalists who still benefit, directly or indirectly, from their ties to either the regime itself or the oil infrastructure.

Nigeria's downstream oil industry is a key sector in the state, including four refineries with a capacity of 438,750 bbl/d; second most in Africa and eleventh most in the world. Problems such as sabotage, poor management, lack of maintenance, and corruption have meant that the refineries often operate, on average, at only forty percent of full capacity (Forbes, 2009). In the past, this has resulted in shortages of refined product and the need to increase imports to meet domestic demand. Until 1960, government participation in the oil industry was limited to the regulation and administration of fiscal policies. In 1971, Nigeria joined OPEC and in line with OPEC resolutions, the Nigerian National Oil Corporation (NNOC) was established, later becoming the Nigerian National Petroleum Corporation (NNPC) in 1977 (Iledare, 2007). This giant state-run corporation, with its many subsidiary companies, controlled and dominated all sectors of the oil industry, both upstream and downstream. In April of 2000, the Nigerian government set up a new committee on oil and gas reform to deal with the deregulation and privatization of NNPC (Iledare, 2008). The government retains close control over the industry and the activities of the NNPC, whose senior executives are appointed by the ruling government.

A well-defined regulatory structure capable of challenging this regime to adhere to the requirements of their reform is absent in Nigeria. This is evident from the Richard Crockett interview from the beginning of the paper. The fear struck into the hearts of those who might stand up to the regime prevents any real or lasting change; and without real or lasting change, sustained growth will never grace a nation's borders. "There is a lot of uncertainty for investors and the government needs to convince them that it is able to provide more regulatory stability," says Rolake Akinola, senior West Africa economic risk analyst (Forbes, 2009).

For some, this is not a problem of poorly a defined regulatory structure, but of a 'resource curse' that sees countries with an abundance of natural resources, such as oil, having less economic growth and worse development outcomes than countries with limited natural resources. While there are merits to this argument I find that the extreme level of corruption, as described in the interview with Richard Crockett, is the chief source of the Nigerian dilemma and that implementation of regulatory reforms which aim at limiting it would be a powerful step in the right direction.

South Africa

South Africa has long been the poster-child for the successes of the adoption of strict neo-liberal trade policies in Africa. In the now almost three decades since its acceptance of IMF and World Bank prescriptions in the early 1980s the government has been the pace-setter of neo-liberal economic policies in Africa. South Africa has made great strides in GDP growth and

equality in the face of strong popular cultural resistance to the modern economic theories and practices implemented there (Kotzé, 2000).

Overall, since these implementations, the country has seen a great deal of economic growth by a number of different indicators. Each of these indicators, however, shows a stark difference in the consistency of growth in two time periods: one from 1982-1993 and the other from 1994- 2006. The former period shows very inconsistent growth patterns, including moments of very negative growth as a number of different politico-economic reforms were taking place.

Structural economic reform occurred against the backdrop of a long history of extensive government intervention in and distortion of the economy. Before the change of government in 1994, there was great concern that the future economic system would entail heavy government intervention and that the new government would resort to macroeconomic populism. The style of ANC-related documents and wild political statements in the build-up to the first post-apartheid elections strengthened the fears. This period of time was almost entirely devoid of any form of regulatory reform in the primary South African economic sectors due to incumbent power.

“There [were] enormous policy barriers around protection of the revenues of the income streams of incumbents. Not always for entirely illegitimate reasons. Telecommunications has been one of the few income-generating sectors of government and has been used sometimes for policy alleviation through health and education services” (Gillwald, 2003).

By the mid-1980s, the economy was distorted by government policies designed to bolster the economic and political power of a small minority and to exclude many of South Africa's

citizens, selected by race, from significant participation in the nation's wealth. Basic needs were unmet, resulting in hunger, malnutrition, and under-education, especially in rural areas (Williams, 1989). Industrial development could not be sustained through domestic resources, and there was stagnation in some areas when foreign capital was reduced in the face of strong international pressures for political restructuring. Because the mining industry continued to dominate the economy, wide fluctuations--especially in the price of gold—eroded currency values and reduced the country's ability to import goods (Williams, 1989).

By the early 1990s, the weaknesses in the economy were increasingly evident despite the country's abundant mineral wealth. This trend is seen in the segments of the population which were much poorer, and living in more difficult circumstances, than many people in far less developed African countries. Moreover, a poorly educated, impoverished majority of the population could not provide the skills and the resources that the country's infrastructure and labor market required. The government cast off the constraints of apartheid in the early 1990s (Kotzé, 2000), in part to confront the serious economic problems caused by that system. The new government in the mid-1990s faced the enormous challenges of improving living standards and managing the country's resources profitably.

What happened in many developing countries – in South Africa in particular – was that privatization was implemented without the other two components of the international reform model; which was for the market through liberalization and the establishment of an effective regulator, if not independent. [South Africa] had no history of regulation; and while the international reform model included independent regulation; in fact, the emphasis was more on

the privatization. South Africa needed an independent regulator but, the government was preparing for international and regional competition (Gillwald, 2003). The lack of effective regulation to give an extended private monopoly actually did South Africa a great disservice.

Licensing in Kenya

As I discussed earlier, in 2002, the National Rainbow Coalition (NARC) came to power in Kenya as a result of democratic elections. That event ended twenty-four years of a stifling autocratic rule by Daniel arap Moi and his Kenya African National Union (KANU). Moi had ceded democratic space with reluctance and in bad faith. He had gone to every length to confuse, bribe, intimidate, and, at times, injure or eliminate the forces of change in the 1990s.

Within months of the election, the new administration had embarked on an ambitious program of regulatory reform that included, among other measures, the creation of a Ministry of Justice and Constitutional Affairs, a permanent secretary in charge of governance and ethics, and the appointment of a new director of public institutions, who was charged to create a special unit to address corruption, serious crime, fraud, and asset forfeiture. The Anti-Corruption and Economic Crimes Act of 2003 was signed into law by Kenya's new president, Mwai Kibaki. The process of institutionalizing the anti-corruption commission as the premier anti-corruption agency was completed at the end of 2004. The government also established the Kenya National Commission on Human Rights, created a specialized cabinet committee on corruption, and institutionalized the declaration of assets and liabilities by public officials after passing the Public Officer Ethics Act in 2003. In addition, the Goldenberg Commission of Enquiry was

established to get to the bottom of the Goldenberg scandal of the early 1990s, in which corrupt government officials hoodwinked the Kenyan taxpayer out of approximately US\$1 billion.

There was also a dramatic reform of the judiciary that saw fifty percent of the top judges removed from office.

In 2005, the Kenyan regime launched an innovative extension of its reform to reduce its growing number of business licenses and fees, and the corruption connected to those instruments. With the support of FIAS/World Bank, private sector leaders, and a leading international consultancy, the government moved beyond previous strategies based on reforming licenses one at a time, and adapted a broad approach to rapidly identify, review, and streamline all business licenses and associated fees in Kenya.

On 5 March 2007, the NESC tabled its final report to the Minister for Finance, the Minister for Trade & Industry, and the Attorney General (Jacobs and Ladegaard, 2007). The report marked the end of almost two years of work identifying and reviewing business licenses, and including recommendations for an appropriate institutional framework to support the sustainability of the reforms. Many of the recommendations of the Committee were then politically endorsed and implemented through the Minister for Finance's Budget Speech in June 2007.

In Kenya the promotion of these best regulatory practices and enabling environment has benefited a lot from the support of Department for International Development (DFID), who founded the Deregulation Project in 1996 in the Ministry of Planning, later being transferred to the Ministry of Labor and now settled at Kenya Institute of Public Policy Research and Analysis

(KIPPRA), a quasi government but independent research institution. The objective of the Project was to build capacity in government to remove legislative and regulatory barriers to start up and growth of micro and small enterprises (Kepsa, 2003).

Telecommunications in Mauritius

Mauritius is a small, developing, island state in the Indian Ocean (but technically still a part of the Sub-Sahara) which, along with many of its Sub-Saharan neighbors, has tried to fulfill its commitments to the World Trade Organization accords. These macro-economic reforms have, naturally, been accompanied by a diminishing role for the state and, unlike in South Africa or Nigeria, simultaneously, the setting up of strong, independent regulatory structures to ensure a level playing field for the emerging private telecommunications operators and to prevent any economic abuse by these operators or the government.

It has been the intention of the government since shortly after its adoption of WTO prescriptions to subject the telecommunications sector to the control of an independent regulator and in 2001, the Information and Communication Technologies Authority (ICTA) was formed, taking over the functions of the Mauritius Telecommunications Authority (Jaganaden, 2003). The setting up of the ICTA was meant to be seen as a steady decrease in state influence over the telecommunications sector and since its inception it has enjoyed considerable powers. After the creation of the ICTA new operators started to emerge on the Mauritian Telecommunications market and while the state-run company Mauritius Telecom still remained in a position of strong

monopoly, it had to face competition in a number of areas, from Mobile Telecommunications, Internet Access and International calls (Jaganaden, 2003).

The political environment in Mauritius makes the private economic sectors very liable to regulatory capture by the political class. There is no mechanism within the Mauritian constitution that would limit government expropriation of telecommunication assets or operating capacities. The implication of this is that the executive exerts a stronghold on many of the institutions, including the ICTA. The perception in Mauritius amongst the general public and the operators was that the regulatory authority was under government control (Sandiren, 2003). This is even more accentuated when it was common knowledge that the government and other state bodies held 60 percent of the shares of the state-run operator that is Mauritius Telecom. In addition this belief was the reality of 'Telecommunication Order No. 4' of 2004 emanating from the ICTA which required all operators to align the international tariffs on that of Mauritius Telecom, literally meaning that any operator that set a more competitive price than Mauritius Telecom was acting in illegality. This order was, however, disputed at the I.C.T tribunal (which has been set up under the I.C.T. Act 2001) and was quashed. The Tribunal held 'that the issue of the TO42004 setting uniform tariffs for all IDD (International Direct Dialling) is contrary to the provisions of laws and has an anti-competitive effect on the IDD market (City Call Ltd v. ICT Authority, Cause No. 01/04/CC).

Indeed, as I stated earlier in the paper, it is crucial that the regulatory authority be protected from administrative expropriation and political capture. The ICT tribunal in Mauritius

has been granted the gift of autonomy through insightful and firm regulatory reform. The Mauritian case shows us that even in the face of unconstrained government power; a business class can take the initiative and provide leadership in regulatory reform.

Cocoa in Ghana

The leader of Ghana, Kwame Nkrumah, was overthrown by a military coup in 1966. A series of subsequent coups ended with the ascension to power of Jerry Rawlings in 1981. These changes resulted in the suspension of the constitution in 1981 and the banning of political parties. Reform of the cocoa sector in Ghana in the mid 1980s took place amid these political changes along with a series of macroeconomic reforms implemented by the IMF. The devaluation of the grossly overvalued cedi, the policy of fighting inflation, and that of maintaining budget austerity helped to shift the internal terms of trade back in favor of the tradable sectors of the economy, such as cocoa. Although these reforms were a precondition for a revival of the cocoa sector, other policy measures were directly aimed at the cocoa industry. The reforms of the mid-80s were followed by a 10.5 percent increase in Ghana's share in the world cocoa market over five years. (Rothchild, 1991)

The Rawlings administration made a deliberate decision after 1983 to shift incentives and investments to the exports sector, where the cocoa industry was one of the main beneficiaries. The economic and financial reforms were backed by institutional and managerial reforms in the state-run handling of the crop. In September 1979, the abuses listed in the investigative report of

the Archer Committee led to the dissolution of the Ghana Cocoa Marketing Board. Grossly overpaid, extremely corrupt, inefficient, and lacking motivated personnel (Rothchild, 1991), the Board was increasingly unable to perform its basic functions and unwilling to act honestly. Renamed the Ghana Cocoa Board (GCB) and given new legal basis in 1984, the Board underwent institutional reform aimed at putting cocoa marketing on a more commercial footing. The GCB removed one of the most glaring sources of inefficiency in the cocoa sector, the cash system, and replaced it with a much more corruption-proof check system. Administrators and clerks in the old system, often lackeys and family of the Ghanaian regime, were known to hold back and alter cash payments, abuse state funds, and pay farmers with bad checks. The new reforms put an end to all of these inefficiencies, prevented government capture and empowered cocoa farmers.

Today, Ghana is the second largest global producer of cocoa – being responsible for nearly a fifth of the world’s supply – and it remains the only cocoa producing country in the world without a fully liberalized marketing system. The Ghanaian economy is heavily dependent on cocoa exports so the government is loath to relinquish control, demonstrated in that Ghana’s state-owned Marketing Board (Cocobod) still controls external marketing.

Ghana shows that even amid the types of politico-economic restructurings that scholars fear most as detrimental to the health of economic institutions- shifts from democratic government to authoritarian regimes- many economic sectors within the state were able to see massive growth due to strong regulatory reforms that were accepted and implemented by the governing body.

Conclusions

Politico-economic realignments have not seen economic growth in the majority of cases because they more often than not fail to adequately solve the problem of government capture. Economic restructuring requires a strong ability to resist entrenched economic groups, ethnic and regional demands, and clientelist pressures; an ability that most Sub-Saharan governments either do not have or have not displayed. Politico-economic reform is not a sufficient condition for economic growth in these states, it is a necessary condition. This type of reform can have a significant impact on many aspects of society; it just happens that these aspects do not typically include growth-conducive economic management practices. Regulatory reform, in addition to politico-economic realignments, is as an important necessary condition to economic growth within Sub-Saharan economic sectors. Crucial to the success of the regulatory structures is the idea of autonomy. Undeniably, autonomy is crucial for the functioning of any non-governmental body whose role is to take over governmental functions.

Politico-economic realignment is not a condition necessary for the growth of economic sectors in Sub-Saharan Africa. At best, these political changes aid in sectoral economic growth by creating secondary conditions conducive to growth, such as increased infrastructure and development. At worst, these realignments mask the true actions of corrupt leaders and create a false sense of a leader's accountability to their constituents. It is forceful regulatory reform that is the true driver of sectoral growth regardless of political structure, or nature of government.

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