Authoritarian Patrimonialism and Economic Disorder
The Politics of Crisis and Breakdown in Uganda and Zimbabwe

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> In a fragile world, good policies are hostages to fortune. In Africa, as in so much of the world only more so, the clocks go backward as well as forward. Landes, (1998) p. 507

Predatory States and Economic Breakdown in Africa

The recently published Africa Commission Report (2005) recognises that 'the weakness of *governance* is the key factor underlying the continent's inferior performance in economic growth and poverty reduction' (Booth, 2005:498 Emphasis added). This represents a shift of some significance from the World Bank's analysis presented in the Berg Report in 1981 that attributed the African economic crisis, and the fact that it was performing worse than 'any other part of the world', to inappropriate state dominated *policies'* (World Bank, 1981: 3 Emphasis added). This shift from economic policy to governance is significant, since it enabled reformers to treat the problem as an essentially technical one by assuming that national governments would be willing and able to take the necessary steps to implement the necessary changes. 25 years later, however, the region remains 'mired in economic crisis' (van de Walle, 2001: 3), since Governments 'mostly refused to countenance real institutional reform', and often 'simply deceived the donors, promising measures that they then failed to undertake or soon reversed' (ibid.: 158).

This suggests that it is the role and nature of the state, and, more especially, of the political processes that generate the incentives and sanctions that determine the behaviour of the regimes that control them, that either enable or disable pro-poor development programmes. These are not issues that international donors like to confront, since they raise difficult issues of national sovereignty and accusations of neo-colonialism when they demand policy changes that challenge the right of particular regimes to pursue predatory policy programmes. As a result the Africa Commission, for example, provides:

> **… no examination of why African politician are so little interested in building capable states, or why business people or voters are still so disinclined to punish leaders for poor performance (Booth, 2005:494).**

However, these deficiencies are clearly critical, since a failure to deal with problems of political failure must derail all aid-driven attempts to 'make poverty history', most especially in the weakest states that have the greatest need for external support. This paper will therefore attempt to identify the scale and nature of the challenges involved in responding to political failure in Africa by examining the political economy of two extreme cases Uganda under Presidents Obote and Amin, and Zimbabwe under Mugabe.

The problems of political failure in Africa have been the subject of extensive academic research that have attributed it to what van de Walle calls Neopatrimonialism, that involves:

> **… the giving and granting of favours, in an endless series of dyadic exchanges that go from the village level to the highest reaches of the central state. Under this general rubric of clientalism can be placed a wide variety of practices involving the giving and receiving of favors, *almost invariably based on corruption*. Clientalism can be associated with corruption simply because the former relies on privileged access to public resources and some kind of conflict of interest. (van de Walle, 2005:51 Emphasis added)**

This argument suggests that the ability of African regimes to maintain the support required to stay in power depends on the systematic *misuse* of their authority, a process that has led members of the influential French school to refer to the 'Criminalisation of the state in Africa' (Bayart et al. 1998). The extreme version of this argument produces what we can call the 'predatory state' or 'political disorder' hypothesis - that African political systems share 'a generalized system of patrimonialism and an acute degree of apparent disorder', that survives because it can be exploited for private gain by 'those who know how to play that system' (Chabal & Daloz, 1991:xix).

This latter hypothesis is certainly overdrawn since some African governments, including Uganda and Zimbabwe, have managed to sustain relatively effective policy programmes for long periods.[1] However, it would be naïve to deny the fact that African states have, on balance been the 'source of man-made economic decline' (North, 1981:20) far more often than of social emancipation, or the fact that these pervasive nature of these destructive processes suggests that they are the outcome of deep-seated structural and societal processes and not the personal failures of particular leaders. This paper will therefore use two case studies of periods of intense political disorder and economic collapse to examine the variables and processes that lead governments to undermine their own economic systems; that perpetuate these destructive processes; and the factors that can sometimes bring them to an end.

The Politics of Economic Breakdown in Uganda and Zimbabwe

Uganda and Zimbabwe have both experienced period of rapid politically induced decline – the former from 1971 to 1986, the latter from 1997 to the present, that have lead to massive declines in productive capacity, and increases in political repression and international isolation. In Uganda the end result was military invasion and a civil war; in Zimbabwe a humanitarian disaster and an impending threat of serious famine. The similarities between the two make these comparisons very illuminating, as do some important differences.

Both regimes had been able to exercise direct controls over key prices and allocations, their African populations had been systematically excluded from economic opportunities during the colonial period, and politically vulnerable immigrant communities dominated the economy and enjoyed privileged lifestyles. On the other hand Uganda was initially characterised by

[1] This paper is part of a long-term policy review I am conducting of both countries. See Brett 1975; 1992/3; 1995; 1996; 1998 on Uganda, and 2005 on Zimbabwe.

competitive party politics and subsequently by military dictatorship; Zimbabwe was originally a one party system that shifted to competitive politics early in the breakdown period. We will argue that it was a growing inability to meet the demands of key supporters, rather than a generalised propensity to 'predation' that led each regime to adopt increasingly counter-productive short-term economic strategies to buy political support that were to generate the destructive processes of 'cumulative causation' responsible for the subsequent breakdowns in both cases. We will first provide a brief chronological review of the major events during the two periods, then consider the implications of their similarities and differences.

(i) Uganda: From Competitive Politics to Military Dictatorship, 1961-1985

Uganda achieved independence in 1961 under a government led by Milton Obote as Prime Minister, whose mainly northern based Uganda People's Congress was the largest party in Parliament, but did not control an outright majority. The central state shared power with four traditional kingdoms in the South, and notably Buganda who's 'Kabaka' was also the President. The economy depended on a relatively prosperous small-farming economy that had been subjected to strong centralised controls through Marketing Boards and state controlled cooperatives that processed and marketed cotton and coffee, the major crops. The colonial government has also initiated a relatively successful import substituting programme based on state owned companies as well as partnerships with the leading Asian business families.

The economy was marked by strong ethnic and regional inequalities. Europeans had dominated the top positions in the state sector; Asians dominated commerce, private agricultural processing, and the small number of large agricultural estates. Almost all of the rural population had access to land in the form of household operated farms, except in Buganda in the south where a large landlord class that had been denied the right to exclude tenants and raise rents, coexisted with a small farming sector. Although the cash crop were grown across the country access to high productivity land, infrastructure, education and health services was far greater in the south than the north.

The new regime in 1961 confronted two key challenges – to consolidate its hold over political power, and to reverse the racial imbalances and exclusions that had characterised the colonial period. In effect these two processes were closely connected – the right to use its economic power to reward both individuals and groups was a major factor in its ability to buy the political support required to consolidate its majority. These political pressures led to a rapid transfer of assets to the indigenous population. By 1965 top positions in the civil service and parastatals had been Africanised, and private sector cotton and coffee processing had been transferred to African controlled cooperatives, currency controls had been introduced to stop Asians from expatriating their capital, and business licensing was subsequently used to transfer their right to import many commodities to African firms. Large estates on supposedly unoccupied land were allocated to key politicians and officials, and new public companies were established to produce consumer goods. The army, exclusively recruited from northern tribes, grew from 700 to 7,000 between 1962 and 1969 (Omara-Otunnu, 1987:51&97). Generous foreign aid helped to support the existing state apparatus, improve infrastructure and social provision, and was used to direct resources to northern areas where the regime obtained much of its political support.

In 1966 the fragile nature of the support for the regime was exposed by an inter-party 'plot' to displace Obote by mainly southern-based politicians, five of them in the Cabinet. He responded by arresting the five ringleaders, using the army led by Idi Amin to destroy the power of the Kingdoms, cancelling the upcoming elections, and introducing a new constitution that concentrated Presidential power in his hands in 1967. This 'coup' was followed by a further extension of state control signalled by a 'move to the left' in 1968 involving a transfer of banking and insurance companies to the state and a further extension of controls over agricultural markets and foreign trade. This opened up further opportunities for state patronage but lost him the support of the donor community.

The nature of this programme does not conform to the 'predatory state' hypothesis, although it did involve substantial asset transfers. It was in fact based on a clear political and ideological logic that initially took the form of nationalist inspired right wing structuralism – the use of state power to strengthen the position of a national 'bureaucratic' and private bourgeoisie. The programme did generate some significant gains. Education and health provision, and roads improved, and agricultural output expanded at 4.5% and GDP at 4.4% p.a. between 1966 and 1970.[2] However, the relatively limited skills available to the new regime, the levels of intra-ethnic and intra regional conflict, and the willingness of donors to finance economically unviable projects to support their own domestic industries, greatly reduced its efficiency.[3]

Thus Africanisation meant a significant loss of skills, state controls inhibited further private investment by the Asian community, and the patronage driven activities of the state sector generated gross inefficiencies. Cooperative and marketing board monopolies were manipulated to provide the state with relatively cheap foreign exchange and benefit elected and appointed officials at the expense of the direct producers. (Brett, 1970) Donor funded projects were invested in inefficient capital-intensive projects, and direct allocations of land were used to transfer assets to well-connected members of the political and bureaucratic elite who used them very inefficiently. These transfers were largely funded by the foreign exchange and taxation generated by the small-scale farmers who produced the bulk of the country's food and exports. They hardly benefited from the increases in state provision, continued to use iron-age technology and were obliged to buy their consumer goods from inefficient import substituting industry. This increased inequality, repressed exports and taxation, and reduced the legitimacy of the regime, not only amongst the peasantry, but also amongst the southern elites whose traditional institutions had been dismantled in 1966, and who felt that patronage was mainly directed at their northern counterparts. Formal wage employment only grew from 264,000 to 320,000 between 1962 and 1969, indebtedness increased and exports and tax revenues stagnated.

The Obote regime attempted to restore its political legitimacy by calling an election for 1971, and it was widely believed, planning to remove General Amin whose military support had been instrumental in keeping him in power in 1966. Instead Amin executed a successful coup

[2] Data from Uganda: Second and Third Five Year Plans; Background to the Budget, 1970-71; Statistical Abstract, 1971. For a more detailed review of this period see Brett, (1975 & 1995). For general political histories see Sathyamurthy, (1991); Mutibwa, (1992).
[3] Burch, (1987) provides the classic analysis of the fact that projects were usually ' response to pressures from strategically-placed social groups at both the donor and recipient ends' rather than a serious analysis of local factor endowments and social and economic needs (p. 345). My own field work in Uganda in 1966/7 and 1973/4 confirms his findings.

in January 1971. The political conflicts and economic contradictions that had been accumulating over the previous decade ensured that his accession to power was welcomed by the donor community, and by the southern public and elite who hoped that he would restore the traditional institutions destroyed by the Obote regime.

Amin is generally characterised as an illiterate and ruthless tyrant, his period in power a confirmation of the 'predatory state' hypothesis. This does, indeed, represent an accurate description of the both the nature and the outcome of his rule, but it is also important to understand the political pressures that led to the economic policies that were adopted and the way that these effects subsequently undermined his ability to stay in power, to come to terms, in other words, with the rationale, if not the rationality that drove events.

Amin's first political decisions do not fit the general stereotype. His first Cabinet only included one other soldier and was composed of high ranking politicians and officials, he released all political prisoners, and reversed some of Obote's partial nationalisations.[4] However, the 'politics of disorder' soon prevailed because the new regime inherited all of the conflicting demands that had been generated by the ineffective corporatists policies of the 1960s, and additional pressures created by the additional conflicts generated by his violent accession to power. Substantial elements in the army remained loyal to Obote, [5] and this led to violent confrontations and the deaths of thousands of Acholi and Langi soldiers and officers were killed, substantially reducing his own northern support base. Key officials thought to be loyal to the regime lost their jobs or, like the Vice Chancellor of Makerere University, were abducted and killed. Many members of the elite emigrated, some o set up opposition groups in Kenya and Tanzania. They were replaced by increasingly incompetent loyalists.

This political weakness, and nationalist-inspired demands from the indigenous petty bourgeoisie, rather than pure economic irrationality, then led to a critical decision to expel the whole of the Asian community class in 1972 and re-distribute their assets to the local African petty bourgeoisie. This decision was to have disastrous consequences, but it was clearly comparable with decisions taken in many other African countries to expropriate the assets of immigrant communities that were widely believed to be exploiting consumers and excluding the local population from business opportunities.

Between August and December 1972 virtually the whole of the Asian community that had dominated commerce, the professions, estate agriculture and privately owned industry were expelled, and their assets transferred to a state run board. These assets were subsequently allocated to local individuals – most of them educated officials and traders, although army officers were put in charge of some of the largest assets like the big sugar estates.[6] The move was politically popular in the first instance, with thousands of applications to take over the new businesses, but its short and long-term results were disastrous. Almost all donor support and access to private international credit ceased, the new owners had limited skills, little foreign exchange and no credit, and state services deteriorated rapidly. Output, exports and taxes

[4] Personal interview 1974 with General Moses Ali, former Minister in the Amin Cabinet.
[5] Interview, President Idi Amin, 1973.
[6] Details of this process can be found in Campbell (1979).

plummeted, fiscal and balance of payments deficits and inflation soared. The old monopolies and regulatory controls were retained and used to reward supporters and cronies, but declining revenues and growing corruption made it increasingly difficult to maintain support or the services required to keep political power.

The use of state power to buy political support was legitimated by a right-wing structuralist ideology that justified these transfers on nationalist and economic grounds. In October 1972 Amin made a long and highly articulate statement at Makerere University in Kampala justifying his actions in these terms, and there is little doubt that the majority of the populations supported the strategy.[7] However, they were clearly based on massive miscalculations of their economic effects, and of their inevitable tendency to generate a process of regressive 'circular cumulative causation' in which political stresses led to economic decisions that intensified the original stresses that generated further economic and political decline – a process replicated in Zimbabwe as we will see.

The collapse of the administrative apparatus and formal economy led to foreign exchange and fiscal crises, hyper-inflation and chronic shortages of essential inputs and consumer goods. The state continued to exact resources by inflationary money-creation and an over-valued exchange rate, but destroyed its own capacity to operate as crops were smuggled into neighbouring states, and taxes stopped being collected.[8] 'Officials pretended to work and the government pretended to pay them.' Those in privileged positions amassed fortunes by manipulating contracts and harvesting kickbacks; the rest used their offices and telephones to conduct their private businesses. By 1979 the 'politics of disorder' dominated the society. The informal 'magendo' economy had become the 'real' economy; the formal economy mainly existed in the virtual world of the official statistical abstracts.

Pervasive shortages intensified turned the struggle for political and economic survival into a life and death matter. Guerrilla incursions from Tanzania were met with intensified repression; suspicions of disloyalty led to the elimination most of the competent officers in the army and police; potential opponents were eliminated, most spectacularly with the assassination of Janani Luwum, the Protestant Archbishop, early in 1977. A virtual mutiny occurred in the army late in 1978, and Amin chose to use his potentially disloyal regiments to invade Tanzania in October. The Tanzanian army was less well equipped, but had retained its discipline and morale and was reinforced by exiled Ugandan guerrilla forces raised by Obote and Museveni who took Kampala in April 1979 and the rest of the country over the following few weeks.

The 'politics of disorder' continued over the next few years. The pre-coup political parties reformed, a new constitution was drafted, and national elections held in December 1980. In what was generally agreed to be a fraudulent result, Obote and the UPC were returned to power, and re-established the politics of patronage, systematically marginalizing opposition groups

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[7] These claims are based on personal observations and field work.

[8] Bunker shows how the ability of small farmers to evade formal markets operated as a 'weapon of the weak.' (1985); Meagher (1990) provides an excellent account of the effects of informalisation on the Zaire border. For an important comparison of these processes see MacGaffey, (1987).

and excluding the southerners loyal to Museveni from the army.[9] The loss of legitimacy stemming from the disputed election, 'northernisation' of the state apparatus and army, inability to make effective use of the donor support meant that the Museveni group that took to the bush in 1981 and set up the National Resistance Army and Movement, were given strong support and able to run an ultimately successful military campaign, taking power in January 1986. (Museveni, 1992) The new dispensation has since overcome the 'politics of disorder' and created a system that has failed to control a localised insurgency in the area formerly loyal to the old regime, but otherwise managed to sustain a relatively successful programme of political and economic reconstruction, a response heavily influenced by the lessons learnt and the structural changes induced by the previous period.[10]

(ii) Zimbabwe: From Rational Economic Management to the Politics of Disorder 1997-2005

The experiences of Uganda under Obote and Amin and the lat eight years in Zimbabwe are close enough to suggest that very similar forces were at play in bringing about the transitions from relatively coherent policy management to the politics of disorder and breakdown. The Zimbabwe economy was far better developed than Uganda's with a strong state apparatus, well developed capitalist firms in manufacturing, finance and commercial agriculture, but with even greater racial inequalities inherited from its settler past. The white regime had systematically excluded Africans from positions of authority in the state or formal economy so that the majority of the rural population was confined to congested communal land, or to wage labour on white farms or white-owned firms.

In 1980 ZANU-PF led by Robert Mugabe replaced the illegal settler regime in Zimbabwe after a successful liberation war. It had a majority in Parliament, but gave early evidence of its willingness to resort to violence to safeguard its authority by meeting the threat of unconstitutional action from ZAPU, the minority party representing the interests of the minority Ndabele tribe with violent repression. ZAPU was then incorporated into the ruling party so that the country was governed by a de facto one-party regime from 1987 to the emergence of the Movement for Democratic Change in 1999. For the next decade it managed a system based on 'embedded autonomy' comparable to the developmental East Asian states because the political class had considerable policy making autonomy, but maintained close links with the representatives of the professional associations that represented the economic elites. (Evans, 1995; Kohli, 2004)

It chose not to initiate a programme of nationalisation comparable to those that had taken place in Tanzania and Mozambique in the 1960s and 1970s, but to follow a right wing corporatist programme that did not threaten white property rights, but did maintain and even extend existing controls over prices, resource allocations and investment. This enabled it to reward key supporters with state sector jobs and contracts, to guarantee the survival of the white industrial, agricultural and financial elites, and to provide the African poor with better social services, food security and labour rights. A small but relatively successful land redistribution

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[9] Interviews with Major-Generals Salim Saleh, Maruru and Tumwine, who had been members of the guerrilla groups, and subsequently became senior officers in the new Ugandan army.
[10] For accounts see Brett (1996; 1998)

programme was carried out in the early 1980s, but only 48,000 people were resettled so it had a negligible effect on white land ownership or on overcrowding in the Communal Areas. (Cliff, 2000; Weiner, 1988) The result was some rent-seeking together with regulatory and administrative constraints that undermined economic flexibility and long-term growth, but the programme was managed with enough intelligence and integrity to generate many significant gains. Economic growth in fact averaged 4.7% between 1980 and 1984 despite a serious drought in 1982, and 4% between 1985 and 1990 and was accompanied by significant improvements in distribution, significantly increasing support for the new regime (See Robertson, 1992; Stoneman & Cliffe, 1998).

However, the programme also generated rigidities and shortages that threatened its long-term economic and political sustainability. State spending was high, licensing power was used to exclude foreign investment and discourage small business development, while the protectionist trade regime kept prices high and discouraged exports (Brett, 2005). Parastatals that controlled the main utilities and agricultural marketing were well-managed but still made heavy demands on the state budget and generated large increases in government debt (Robertson, 1992a). By the end of the decade it was clear that these constraints were generating a serious shortage of foreign exchange and suppressing the growth of formal sector employment at a time when the pool of qualified labour was growing rapidly.[11] This led to a sudden and radical shift from the corporatist to a liberal policy regime that was to produce mixed economic, but highly destabilising political results.

The contrast with the 'politics of disorder' stereotype at this point was extreme, since Zimbabwe was not forced into its Economic Structural Adjustment Programme (ESAP), like most other African states, but did so from a position of relative strength, in response to pressures from domestic economic elites, the technocrats in the Ministry of Finance and continuous pressure from the IFIs (Herbst, 1992; Mumbengegwi, 2002; Skalnes, 1995). It was designed to encourage job-creating growth by transferring the control over prices from the state to the market, improving access to foreign exchange, reducing administrative controls over investment and employment decisions, and reducing the fiscal deficit. The programme was a serious attempt to carry out a serious reform programme that had the full support of the IFIs that had played an important role in its formulation.

Unfortunately a combination of negative external factors (drought and a decline in the terms of trade), errors of sequencing, and the government's failure to control the fiscal deficit, meant that performance overall was worse than it had been during the corporatist period. Growth continued but at a lower rate, employment did not increase overall and many workers were retrenched,[12] while access to social services declined. These negative short-term results appeared to have generated some positive long-term gains, since exports, investment and growth had increased substantially by the end of the period.[13]

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[11] At the end of 1990 Mugabe acknowledge these problems, saying 'Employment creation has averaged a mere 10,000 jobs per annum over the 10 years of independence, far short of the planned target of 144,000 per annum. Invetment levels fell in real terms from 15.5% of GDP in 1980 to 10.7% in 1989' (Cited in Herbst, 1992:58).

[12] Official figures claimed that 576 firms retrenched 26,332 workers between 1991 and 1995 (Zimbabwe, (1996).

[13] In fact it averaged 6.5% during 1991, 1994 and 1996, the three non drought-affected years. (Gunnng & Oostendorp, 2002: 14)

A major debate has raged over the economic consequences of the ESAP experiment in Zimbabwe that cannot detain us here.[14] What is undeniable, however, was its *politically* destabilising effects stemming from increases in urban unemployment, declining conditions of labour in both the public and private sectors, access to health and educational services, and largely drought induced food insecurity among the rural poor. Following the advice of the IFIs had therefore produced highly ambiguous economic results and massive political resentment manifested in growing industrial militancy, unrest in the civil service and a growth in the activities of many civic organisations. ZANU-PF retained its political monopoly at the 1996 election, putting its political hegemony, and ability to resist the demands of special interests under serious threat. Key members of the regime, including the President had never fully supported ESAP, while the demands for fiscal prudence and the reduction in state controls had made it more difficult for them to dispense the patronage on which it relied for support. The resulting threats to the survival of the regime then produced a rapid descent into populist policies that generated very similar results to those experienced in Uganda in the 1970s.

It made large and unbudgeted payouts to War Veterans in August 1997, announced its intention to seize land from white commercial farmers, invaded the Democratic Republic of the Congo, and imposed tight controls over the exchange rate in 1998. It over-valued the currency and ran a growing fiscal deficit to provide services, but also to reward its political supporters – politically connected business elites and managers of parastatals were given favoured access to contracts, subsidies and forex. The loss of the Constitutional Referendum in 2000 and growth of the MDC led it to encourage violent farm invasions by war veterans and even occupations of commercial and industrial businesses. This enabled it to promise land to rural supporters in time for the Presidential election and secure the loyalty of senior politicians, officials, judges and army officers by allocating them large farms,

The result was hyper-inflation, the destruction of personal and corporate savings, widespread bankruptcies, an end of the tourist industry, and a serious decline in export earning and food production. All donor support to the government was withdrawn, although humanitarian aid was still provided through NGOs. By late 2003 the Zim dollar was worth 825 on the official but 8,000 US dollars on the official markets; inflation was over 500%, fuel shortages had brought traffic to a virtual standstill, trains had almost stopped running, and power outages had become a regular feature of daily life. The MDC organised a series of successful national strikes, and the government's loss of control over forex even appeared to threaten its ability to maintain its control over the army and police if there was to be widespread civil disobedience. Most observers believed that its days were numbered.

At the end of 2003 the regime attempted to restore political order by devaluing currency, raising interest rates to control inflation, and reduce power and fuel subsidies,and giving the grain Marketing Board a monopoly over maize purchases. The government's access to forex increased, inflation declined and fuel shortages were temporarily eliminated. These changes alleviated the problem though also had a significant political downside since many banks and companies owned by ZANU PF notables that had depended on political rents were threatened

[14] See Brett, (2005); Botchwey et al., (1998); Robinson, (2002); Bond &b Manyanya,, (2002).

with bankruptcy, although most were subsequently rescued by access to 'Productive Sector Loans', reinforcing the state's control over the capitalist class. This apparent restoration of order, combined with the systematic use of state power, including a virtual monopoly of food supplies, enabled the regime to marginalize the MDC and win a two-thirds majority at the elections held in March 2005.[15]

However, this political victory simply compounded the developing economic crisis that had been postponed by the reforms of 2003. The forex shortage, stemming from the over-valued exchange rate and destruction of commercial agriculture intensified. In March the official rate was Z$ 6,000 to the $, the unofficial about 12,000, by the end of the month it was closer to 18,000, it is now in the region of 25,000. Fuel shortages have stopped most road traffic; Growing unemployment and food shortages have forced the poor into 'borrowing, reducing the number and size of meals and skipping meals on some days' (FEWS NET cited in IRINNEWS.org. Report 46947 9/5/2005); while even the elite are finding it hard to buy basic supplies in supermarkets; new investment has ceased and firms are closing every day.

The regime reacted to these threats with even more extreme, and even more counter-productive interventions. It responded to food shortages by introducing sub-economic prices for basic commodities, only to find that the supermarket shelves emptied and food was being sold at what were described as 'exorbitant' prices by informal traders. Its attempt to control the exchange rate had also driven most forex, now increasingly supplied by remittances from Zimbabweans who had been forced to migrate to seek work, into the informal market. In response it launched 'Operation Murambatsvina' (or 'Drive out Rubbish') in May in which the police and army launched a major attack on informal settlements and markets in which

> **… some 700,000 people in cities across the country have lost either their homes, their sources of livelihood or both. Indirectly, a further 2.4 million people have been affected in varying degrees. Hundreds of thousands of women, men and children were made homeless without access to food, water, sanitation or health care (UN, 2005).**

This attack not only constitutes a 'crime against humanity' but will also lead to further economic decline, not only in the urban informal sector, but also in the rural economy that relied on urban remittances, and in the formal economy that supplied the informal sector with inputs and services. (See Bracking, 2005)

The manipulation of economic rents and the use of coercive state power to gain the support of key constituencies and impose its will on the capitalist class goes some way to show why 'business people or voters are still so disinclined to punish leaders for poor performance' in Africa (Booth, 2005:494). However, political stability does not only depend on the ability to manipulate votes since it is much easier for government to 'rig an election than an economy.'[16] Con-

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[15] The government only allowed the election to be monitored by sympathetic African observers who gave the process a qualified endorsement. However, widespread irregularities were recorded in a detailed survey of 105 constituencies conducted for a consortium of local NGOs by the National Constitutional Association. These included the use of violence by 'ZANU PF supporters, youth militia, and agents of the State', and 'the political use of food … in 74% of the constituencies sampled. (NCA, 2005)

[16] Personal Communication, John Makumbe, University of Zimbabwe..

fronted with a growing paralysis in the economic system the budget and foreign exchange constraint have now forced the regime to look for external support from South Africa and China, its only supporters with sufficient resources to give it support. Preliminary reports suggests that the Mbeki regime has offered to provide financial support, but only on the basis of policy conditions that would threaten the political and economic autonomy of the regime. The Chinese have continued to make positive statements about economic support, but it is unclear whether they are likely to come up with the billion US dollars that the regime needs if it is to deal with its food, fuel, fiscal and foreign exchange crises.

Economic Transfers and Political Breakdown

These two accounts have much in common. In both cases new post-colonial regimes were represented disparate constituencies united mainly by their opposition to foreign control, and by their common sense of exclusion. In power they confronted the same contradiction. The economic growth they needed to provide employment and sustain the state depended on firms dominated by what they saw as immigrant communities whose monopolistic privileges had been used to exclude their communities from wealth and status. It was therefore inconceivable that they could fail to use their new political power to shift resources from historically privileged to historically disadvantaged groups, however strong the risk that this would undermine the viability of the productive system that sustained them.

This contradiction between the need for redistribution and the privileges of an entrenched economic elite confronts every radical political movement that depends on an economically marginalized constituency as opposed to conservative ones sustained by the economic elite. Historically they have adopted interventionist economic programmes as a mechanism for transferring resources to their constituencies – in the former case this involves the creation of what Kohli calls a 'cohesive capitalist state' in which state power is used to suppress markets in order to build the national economy, by maintaining 'a close alliance with producer or capitalist groups', and 'tight control over labor' that generally depends on a 'repressive and authoritarian' politics supported by nationalist 'ideological mobilization.' He contrasts these economically effective regimes with neopatrimonial states organised as 'nominal democracies or dictatorships' with 'personalistic leaders unconstrained by norms or institutions, and bureaucracies of poor quality' and where 'officeholders tend to treat public resources as their personal patrimony' (Kohli, 2004:9/10).[17]

He shows that the stability and economic effectiveness of the cohesive states of East Asia has depended on the close links between the economic and political elites, and the ability of the latter not only to use state power to direct support to the former, but also to force them to deliver high quality economic performance in exchange. This, in turn, enabled them to maintain the compliance, even the consent of the subordinated classes in exchange for constantly rising standards of living. The critical question that confronts all of those concerned to 'make poverty history in Africa' is why most African states have been unable to emulate the perform-

[17] Kohli offers detailed analyses of South Korea and Nigeria as examples of these two extreme types, and of Brazil and India as intermediate cases.

ance of their Asian counterparts. The scale of this paper only allows us to provide a few very general comments on this issue.

The corporatist nature of the states inherited from the colonial period in both cases was superficially similar to those in East Asia, although the levels of state and human capacity were far lower. Governments therefore were given the right to use state power to support domestic capital formation, and, especially in the Ugandan case, also given access to considerable foreign aid in their attempts to do this. In both cases, however, they did initially attempt to follow a corporatist but pro-capitalist path, moderated by improved levels of social provision. Neo liberal theorists have subsequently attributed these failures to the state-led nature of their strategies, but the Asian literature, and the brief accounts given here suggest that this had far more to do with the political and economic characteristics of the two countries, and notably with the relationship between the regime on the one hand and the economic and bureaucratic elites, and the subordinated classes on the other.

First, while the Asian states were able to sustain a close but relatively autonomous relationship with private capital, the two African states vacillated between reluctant tolerance of and outright hostility to the expatriate dominated fractions of the economic elite. In Uganda the first decade saw the replacement of almost all of the former colonial official class and increasing restraints on the activities of the Asian commercial and manufacturing class. In Zimbabwe it saw reluctant tolerance associated with official controls that significantly constrained their freedom of action, and especially new entrants. In Uganda, that initially followed a 'right wing' rather than 'left wing' Tanzanian path, the state did actively support the activities of new African entrepreneurs, although this group was so weak that it depended heavily on state privileges and protection from its Asian competitors. In Zimbabwe the 'socialist' ideology and desire to suppress all potentially autonomous groups within the local society led to the neglect, even suppression of indigenous capitalist firms.[18] This policy was succeeded by a commitment to 'Black Economic Empowerment' in the 1990s, but benefits were confined to politically connected, compliant, and often inefficient firms.

The controls imposed on the most efficient fractions of the local business class, and the dependent nature of the new African business class had seriously inhibited the development of a progressive capitalist growth process at the point at which both regimes were confronted by serious political challenges – in 1972 in Uganda, and in 2000 in Zimbabwe. In both cases the regime attempted to buy support by expropriating 'foreign' owned assets and transferring them directly to its own supporters. In both cases this process was carried out under such political duress, and with so little preparation and control that it led to a major destruction of assets, and cumulative economic decline. Both moves were justified by recourse to a racist/nationalist ideology that initially increased local political support amongst key local stakeholders, although it led to isolation by western powers. In the Ugandan case the violence associated with the Amin regime lost it the support of its neighbours and led it to cultivate close links with the Islamic world, and Saudi Arabia in particular. In Zimbabwe the combina-

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[18] Interviews 2003 with Strive Masivawa, CEO ECONET Wireless, and Johanthan Openheimer, CEO Anglo American Harare 1995-7; Nicholas, (1994); Wild (1997).

tion of and anti-colonial rhetoric and formal adherence to competitive elections has enabled it to retain the support of most African countries, and South Africa in particular.

Second, he statist nature of the two regimes gave the bureaucratic class a critical role in the process of national development. In both cases the state apparatus was used to reward supporters and to enforce economic controls, as well as to provide social and economic services. Both were able to improve service provision during the first decade of independence, Uganda with heavy foreign aid, Zimbabwe because it retained the services of far more of the senior cadres who saw themselves as settlers rather than expatriates. In Uganda the 'bureaucratic bourgeoisie' was actively involved in using its position to build up private economic assets from an early stage. (Brett, 1978) This process also occurred in Zimbabwe in the 1980s but accelerated in the 1990s as the commitment to 'socialist' principles waned and the influence of a 'ZANU crony' class increased. The military absorbed increasing resources in both countries, in Uganda to deal with internal threats, in Zimbabwe to deal with external threats from Apartheid South Africa. These processes of 'primitive accumulation' involving the 'seizure or transfer of assets' by the state to support 'the emergence of the first few generations of capitalists' Khan, 2000:25; see also Marx, 1867/1954: Part 8) have occurred in virtually every country during he initial stages of capitalist development. The key issue here, as Khan argues, is not the process itself as neo-classical economists assume, but whether they tend to create a progressive new class, or only 'result in tremendous wastage and theft.' (Ibid.) In both cases the shift from a relatively rational and controlled process of capitalist class formation, to one involving large-scale 'wastage and theft' was not a function of an inherent tendency to 'the politics of the belly' (Bayart, 1993) in Africa, but to the nature of the political and economic crises that confronted these regimes at the start of the 1970s and end of the 1990s.

Third, the post-colonial process of class and state formation in both countries provided very limited benefits to the mass of the African population, in Uganda in particular. The nationalist movements represented a class alliance between an African petty bourgeoisie made up of middle level state and cooperative officials and entrepreneurs, and an African peasantry and working class. The more developed nature of the capitalist economy in Zimbabwe had generated a relative strong working class, and a highly marginalized peasantry living, for the most part, on low-grade communal land. Uganda had a far more egalitarian structure based on peasant agriculture that dominated food and export production, and small-scale entrepreneurs who operated in informal markets marginalized by the dominance of the Asian commercial class. The elitist nature of the Ugandan development process in the 1960s, together with very rapid population growth, meant that the peasantry and informal sector probably lost rather than gained, while the 'northern' and increasingly illegitimate nature of the regime further alienated the subordinated classes in the South. The Zimbabwe regime was able to retain the support of all the subordinated classes in the 1980s as we have seen, although its failure to expand formal employment generated an increasingly disillusioned urban class forced into survivalist economic activities. (GEMINI, 1994) The drastic reduction in labour security and jobs induced by the ESAP programme further intensified urban discontent, although it improved conditions for some, but not all of the communal area farmers.

These processes had a critical impact on the political and economic stability of the regimes. The Obote and Amin regimes were never able to rely on political support in the heavily populated and economically dominant southern districts, forcing them to operate in increasingly 'commandist' ways (Campbell, 1979). It also meant that the peasantry was willing to support the National Resistance Army during the 1981-1985 civil war, despite the systematic violence they suffered at the hands of the national army.[19] The growth of educated unemployment and the alienation of the urban working class in Zimbabwe, where the regime did need to main sufficient support to win regular elections, was crucial to the political crisis of the late 1990s, manifested in the economically destabilising demands of the War Veterans in 1997, the radicalisation of the trade union movement in the mid 1990s, and the emergence of a powerful opposition party in the form of the MDC in 1999. It was the economically counter-productive response to these threats that initiated the downward spiral that ultimately produced the cumulative breakdowns that have yet to be overcome.

Conclusion
Political Power, Fragile States and Economic Breakdown in Africa

These cases clearly have very important implications for our understanding of the processes that have produced the economic and political breakdowns that have characterised so many African states over the past 30 years, and of the solutions that might be available to deal with them. We conclude by raising what appear to be the key insights they offer to us in both areas – first in relation to the shifts from the political economy of 'order' to that of 'disorder,' and second in relations to the dominant strategies being currently pursued by the development community to deal with them.

Both of these experiences suggest that what we have to understand is not the existence of some uniquely African predisposition to predatory politics, but the way in which the social and economic inequalities and weaknesses inherited at independence produced a *transition* from order to disorder, from fragmented multi-class states[20] to failed states, locked into regressive processes of cumulative causation that rapidly destroyed their capacity to survive in the modern world system. Here three critical aspects of this process need to be emphasised.

First, it would have been inconceivable that new regimes could have failed to respond to the redistributive demands of their constituents, and failed to take some steps to shift resources to an African petty bourgeoisie that had been systematically excluded from economic and bureaucratic power by the previous dispensation. This necessarily demanded interventionist programmes that would not have been possible in a context governed by the free market principles that were subsequently invoked to explain these failures and to address them. We have also seen that it was the introduction of market principles that actually intensified the distribution crisis in Zimbabwe and prepared the way for the transition from order to disorder. However we have also to recognise that it was the reduction in economic productivity that was

[19] Interview Lt. Colonel Serwanga Lwanga, NRA.
[20] Kohli refers to these as 'that command authority and a public arena within them si often well enough established htat leaders are helt accountable for poor public policies and performance.' (2004:11)

produced by these policies that also threatened the political and economic viability of the regime, as a result of the losses of skills, constraints on investment and transfer of assets from highly efficient non-African groups to a new and inexperienced African class. Balancing these contradictory processes is a tall order under any circumstances; one should hardly be surprised that so many countries have been unable to manage it well enough to survive.

Second, this process, once started, produced cumulative and increasingly irreversible results, that continuously intensified the stress on the regime, and therefore its tendency to resort to increasingly extractive, oppressive and destructive solutions to the challenges that it confronted. Replacing an experienced colonial bureaucracy reduced state capacity; restricting investment opportunities reduced output, jobs, taxes and foreign exchange; favouring well connected individuals and tribes over others increased political resentment and reduced the security of the regime. Thus, instead of expanding both economic opportunities and opportunities for upward mobility this tended to compress them, intensifying the political demands for further and even more regressive redistributive policies. And once both states crossed the Rubicon by their devastating attacks on the sanctity of capitalist property rights in 1972 and 2000, they experienced economic declines of such magnitude that were clearly out of their control and that forced them into more and more destructive expedients.

Third, both crises can be directly attributable to the unwillingness of the regimes to subject themselves to democratic accountability when there was a clear possibility that they would lose power as a result. This was most obvious in Uganda, where the original suspension of democracy in the mid-sixties kept an increasingly isolated group in power with military support, and this then led to a period of oppressive military rule. Given the relatively well-developed state apparatus in Uganda, and the quality of the southern political elite that was ready to take over in the mid-sixties, a peaceful handover of power would undoubtedly have led to a far different outcome. But the issue is equally present in Zimbabwe, where the beginnings of 'disorder' can be traced to the point where the regime realised that it was losing its support and started making increasingly counter-productive handouts to retrieve it. This in many ways reflects the problems of regimes that have not yet built political movements based on an 'encompassing' set of social interests, and are therefore constantly dominated by the regressive demands of groups with only 'partial' interests.[21]

These cases also raise many difficult questions about the inadequacies of the political analysis and interventions of the development community identified at the start of this article. The donor community, as we saw there, finds it difficult to address the complex and intensely contradictory political and economic realities that have generated the regressive outcomes that they are now desperately seeking to reverse. Their prescriptions are still heavily dominated by a liberal pluralist logic that believes that solutions depend on the creation of democratic accountability and competitive markets supported by substantial increases in aid to build human capital and infrastructure. It finds it almost impossible to identify a consistent and positive response to the existence of authoritarian and patrimonial states. The main response is to mar-

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[21] The analysis relies on Olson, 1997 here. His insecure 'stationary bandit' theory is highly relevant, especially to the Ugandan csase.

ginalize them further by withdrawing all support and directing this exclusively to states with 'good policies'.

In the worst cases - Uganda in the 1970s and Zimbabwe now - this has been combined with systematic withdrawal of all support from the regime. Given the politics of the international aid market, it is very difficult to do anything else, since any contributions to such regimes will legitimately be seen as a way of keeping them in power. In fact, as the post 1986 transition in Uganda demonstrated, the most important single factor that can, with effective external support, lead to effective reconstruction can be the replacement of a compromised regime with a new one. There is little doubt that this is what is most needed in Zimbabwe now. However, this denial of all support apart from humanitarian aid provided by NGOs also means that most aid is denied to the poorest people in the countries that need it most.

It is impossible to provide an adequate response to this serious dilemma here, except to say that the foregoing analysis suggests that the critical problem that confronts all fragile states is the weakness of their state apparatuses, the underdeveloped nature of their economic elites, and the weakness of the social and political movements that should be the critical element in forcing regimes to implement progressive rather than regressive policies. Hence building 'political capacity' in weak states needs to extend beyond the confines of support for formal state structures, although, given the significance of the capacity of the state apparatus, it needs to include that sort of support as well. This analysis also suggests that the ability of entrenched regimes to manipulate electoral processes, also limits the ability of formal democratic processes to influence their behaviour, while the need to buy support can also intensify pressures on already over-extended and over-exposed regimes, and lead them into extreme policies that produce destructive long-term results. Yet the political impunity that created the 'embedded autonomy' in East Asia, has served to perpetuate predatory political systems in Africa, so it would be naïve to give up the demand for greater democratisation. Perhaps the one positive fact that emerges from both cases is that the intensification of both budgetary and foreign exchange pressures stemming from irresponsible policies does ultimately impose real constraints on the behaviour of such regimes, although only at the expense of immense costs and suffering.

The positive effects of a willingness to combine strong economic support for a reforming regime, and to tolerate a very slow and partial introduction of democratic institutions has been a major element in sustaining the successful shift from the politics of disorder to order in Uganda that has taken place since 1986. (Brett 1994;1998) The failure to give Zimbabwe more support for land reform in the 1980s and subsequently, and to support its fiscal deficit and support its vulnerable industrial base during its transition in the first half of the 1990s clearly contributed to the shift from order to disorder that took place after 1997. Strengthening support for regimes before they reach the point where crises turn into irreversible breakdowns is therefore clearly the critical element in dealing with weak states; finding ways to strengthen the capacity and autonomy of social and political movements in situations of breakdown without reinforcing regressive regimes is the critical but immensely difficult challenge confronting both the domestic and external groups attempting to challenge them.

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