STRUCTURAL ADJUSTMENT, CIVIL SOCIETY, AND DEMOCRATIZATION IN SUB SAHARAN AFRICA

DISSERTATION

Presented to the Graduate Council of the University of North Texas in Partial Fulfillment of the Requirements For the Degree of DOCTOR OF PHILOSOPHY

By

Obioma M. Iheduru, B.Sc., M.A.,
Denton, Texas
December, 1995
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Two recent developments dominate the political economy of Sub Saharan Africa -- the adoption of economic structural adjustment reforms and the emergence of pressures for the democratization of the political process. Economic reform measures have spawned civil society, made up of anti-authoritarian, anti-statist, non-governmental organizations, that demand political liberalization. This study is an attempt to analyze, theoretically and quantitatively, the unanticipated association between these developments.

Democratic institutions inherited by Sub Saharan Africa at independence were subverted either through military coups or by the abuse and misuse of the institutions by an inordinately ambitious political elite. Thus, about a decade into independence more than three quarters of the sub continent virtually came under authoritarian rule.

Contemporaneously there was a decline in the economies of these countries, forcing them to borrow from international financial institutions, in order to offset their balance of payment difficulties. By the mid-1980s
most of Sub Saharan Africa had also instituted structural adjustment programs.

Using a pooled cross-sectional time series model of analysis, data gathered from Sub Saharan African countries are analysed to test the explanatory power of the three extant contending theories of development: classical, dependency, and neoliberal. Then, most importantly, the analysis examines the relationship between structural adjustment, the development of civil society, and democratization.

Overall, the results indicate that the institutional structures generated by, and the political milieu created by structural adjustment are conducive for the evolution of civil society and for its activities for democracy. This political opportunity, however, is also found to be dependent on the level of restructuring involved. The more the political system is restructured, the more the freedom of political participation by civil society, and the higher the level of democratization.

The study found a very weak relationship between structural adjustment and economic growth, thereby calling into question many current economic policies. It further demonstrated that no one single theory had the advantages over others in explaining the dynamics of both political and economic development in Sub Saharan Africa and, by extension, in other developing countries.
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Lastly and most importantly, my special thanks go to my immediate family, who have borne the brunt of my academic odyssey. My sincere thanks go to my wife Ngozi G. Iheduru for her wonderful love, support, and understanding during this period. My thanks also to my son, Ozioma, and daughter, Adaobi, for enduring the absence of fatherly affection, care and attention. I promise to make up with quality time, etc., soon. All errors are mine, anyway.
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CHAPTER 1

INTRODUCTION

There is presently a resurgence of scholarly interest in the developmental problems of developing countries, especially those of Africa. Several factors are responsible for this. Almost all observers suggest that the rate of development in the region is stagnating or even declining. Both socioeconomic and political indicators of development in the region are in decline as evidenced by the gross national products (GNP), high infant mortality, low life expectancy, decay of institutional arrangements that foster democracy, and overall instability in the political and economic life of these countries. For example, Africa's gross national income per capita increased only 2.6 percent from 1965 to 1974, and ever since has either stagnated or declined. Agricultural production grew by only 2 percent a year during this period, less than the rate of population growth (World Bank 1994, p.17-19).

Most analyses of these problems have been based upon extant development theories or based upon what can be referred to as neoclassical developmentalism. This approach emphasized institutionalization and the establishment of elements of governmental structure beyond the mere declaration of statehood. This classical political economy
also emphasized the acceptance of a market economy and stressed the essence of capitalist development fostered by the accumulation of capital and increase in labor productivity. The two ideas were mutually reinforcing. Increases in labor productivity were expected to lead to increases in savings and investment for development (Sunkel 1993). On the political front, building of strong institutions for social mobilization and participation were said to important in the development process (Huntington, 1968, Deutsch 1961).

While such theories had heuristic value in shaping debate about these problems and the prospects for resolving them, their ability to explain the changes and sequences of events in Africa has been inadequate. While a modicum of institutions has sprouted all over Africa, the capacity of these structures to anticipate and manage innovations, as precursors of growth and development, has consistently been in question. The complexity of development problems in the continent is often more or less compounded by the newness of these institutions.

Recently, however, the focus of development research has shifted to include an examination of the organizational capability of these institutions to function and pursue their formal ends. This is what Cristobal Kay (1993) has described as "the neoclassical or neoliberal counter revolution in development theory". The stimulus for this
new approach stems from the critique of classical developmentalism as having failed to lead to meaningful economic and political development. The neoclassical theory did not adequately explain the operation of economies and political systems that defied its assumptions. Most recent studies, therefore, have ventured beyond the conceptual tools of the neoclassical theorists to investigate the domestic components of the national structure and their impact on development.

The second impulse for this resurgence is the intractable international indebtedness of a substantial number of African countries. The immense burden imposed by the external loans and the interest payments they attract, appear to be stifling the nascent African economies. This issue also has necessitated the examination of the performance of the institutions established in the early years of statehood in Africa. The question arises as to how well the early structural arrangements have worked in fulfilling their original goals. But the failure of the classical theories to explain development does indicate in some ways, however, that the structural arrangements that accompanied them were incapable of managing later growth.

Post independent Sub Saharan Africa experienced a rapid succession of economic, social, and political problems that included the drop in foreign exchange earnings, the failure
of industrial production, and the decline in agricultural production and hence in the volume of exports. These culminated in unfavorable balance of payments for the countries in the region. Coupled with this were intractable domestic problems which these countries experienced during the period. Population and urbanization, in many of these countries, grew faster than resources were being made available to remedy the problems that they generated.

Most of these countries had been carved out of a mass of disparate ethnicities and multi-social and linguistic groups. Such a heterogeneity did not make for a cohesive approach to governance, and rendered consensus almost impossible. Instability and ethnic tension were the results, such that national leaders concentrated their energies on cultivating the allegiance of the various groups, instead of solving strategic development problems. These problems, compounded by political corruption and other abuses of the democratic political institutions, inevitably led to political and economic crises which damped the hopes of development, that were raised with the advent of political independence.

The economic crisis that ensued necessitated foreign borrowing in order to address the balance of payment problems in the short term, and to reverse economic stagnation over the long term. Foreign loans, meant for the
adjustment of these economies were accepted from external sources. The loans attracted the imposition, by international financial institutions -- the International Monetary Fund, the World Bank, and other bilateral and multilateral organizations -- of structural reforms of the local economy as a condition for initial external capital infusion into the domestic economy and for the general support of further structural change. These reform packages are generally referred to as structural adjustment programs, while the criteria for the extension of the structural adjustment loan credits to a country, are described, as conditionalities.

The World Bank reports that twenty-nine countries in Sub Saharan Africa were restructuring between 1986 and 1991 (World Bank 1994). The patterns of structural adjustment implementation vary from one African country to the other. As expected, this is due to variations in the socio-economic and political context of these countries. Nevertheless, in the one and half decades in which many of these countries have adopted and implemented structural adjustment policies, significant results have emerged that fit a pattern that is amenable to cross-national comparative analysis.

This study will investigate the nature and varieties of capital transfers into thirty Sub Saharan African countries from 1980 to 1991, the pattern of implementation of
structural adjustment policies within the period, and the relation of structural adjustment to economic development and in turn to democracy. The financial capital that would be of interest and relevant to this study is the total external public and publicly guaranteed debt, since unlike foreign private debt, and foreign direct investment, its various components are attached to the implementation of structural adjustment.

I will attempt to address three conceptual issues. First, I will examine the impact on economic growth of structural changes arising from the acceptance of international capital. Numerous studies support the argument that the availability of external capital aids economic and social development in resource-poor countries.

Secondly, I will investigate the relationship between economic growth and the emergence of non-governmental associational groups, referred to as civil society, that operate outside the purview of the state, and that are determined to check the extensive power of the state. The question I will be asking here is: does economic growth lead to concomitant democratization or the consolidation of otherwise feeble democracies through the activities of these non-governmental organizations? The main assumption here is that the relationship between structural adjustment and economic growth is a positive one. In other words, I will
be investigating whether the same force of structural adjustment of primarily economic institutions produces in its wake a reformation of political institutions that produce political change.

Lipset (1960) in a seminal article argued that there is a linkage between "economic development and political legitimacy." Using his analysis as a benchmark, several studies, especially quantitative ones, have attempted to explore this contention that the more well-to-do a country is, the more it is likely to support democracy. In this vein, this study will examine whether the assumed positive relationship between structural adjustment and economic growth does produce the necessary milieu for economic well-being or the lack of it, and if the latter in turn, leads to democratization.

In this analysis, the central question will be to determine if the emergence of the second wave of democratization in Africa in the 1990s can be explained in terms of the general propositions of the Lipset thesis. If economic growth is absent, could the reverse of the thesis also, be able to explain democratization. That is to say, do reversals in the stock of wealth of a country lead to democratization, as would, increases in the level of economic growth.

The need to examine this aspect of the thesis arises
because like all development theories, the thesis assumes a positive linear relationship. The political developments in Sub Saharan Africa in the 1990s indicate that the relationship suggested by the Lipset thesis could be due to decreases in the country’s stock of wealth rather than in increased economic growth. As Huntington and Nelson (1976) have noted, the linearity assumption ignores "the processes of changing from one development level to another" in either direction of economic flow. The question is what happens to democratization, and citizen support for democracy when economic growth is negative-- as has consistently been the case in Sub Saharan Africa since the mid 1970s-- rather than when it is positive.

Third, I will examine the contextual and confounding structural factors that vary the expected structural adjustment outcomes in the different countries under study. That is to say, do state characteristics, national historical experiences, level of economic development and social modernization, and the nature of state-society relations distinctly and invariably affect the outcomes of structural adjustment? With regard to the state-society relations, it is particularly important to understand how the changes engendered by economic growth affect the emergence of civil, non-governmental organizations that work in the interest of establishing democratization. In this
case, the Lipset thesis necessitates an examination of how economic changes induce groups and associations that affect support for, or against political democracy. Some studies have found a strong symbiotic relationship between a "vigorous associational life" (Diamond 1992, p.123) and political participation. This effect has been demonstrated to be even stronger in developing countries (Booth 1989).

This study addresses a lacuna in the study of the comparative political economy, and in the development study of Africa in that only very few studies have empirically investigated the implications of external capital-driven economic growth on political liberalization and democracy, on a cross-national level. Many studies by economists have stopped at examining the implications of structural adjustment for economic growth. Stallings and Kaufman (1989), Lindberg and Devarajan (1993), and Frieden (1991), studied this relationship for other areas of the Third World but mainly in terms of the consolidation of democracy. The assumptions of the above studies are quite different from the ones that this study makes because the nature of democracy in Sub Saharan Africa is an incipient one, and democratic institutions, wherever they have managed to emerge, are still embryonic, rather than being consolidated.

There is also no known empirical study that has quantitatively explored the linkages among neoliberal
Restructuring arising from foreign capital penetration, economic growth, and democratization. This study attempts to examine the linkages among structural adjustment, economic growth, economic change, and political liberalization that lead to democratization, using development and socio-economic data from Sub Saharan Africa. Especially important here would be to explain the role of civil society in mediating this political development. The intention is to go beyond establishing a correlational link between economic growth, structural adjustment and democratization, but to demonstrate that structural changes in the economy have a fundamental impact on economic growth, which in turn leads to the emergence of civil society that consequently has a causal impact on the democratization of Sub Saharan African countries.

The overall objective of the study is to contribute to a greater understanding of the problems of development in Africa, of comparative and international political economy of development, and of development theory in general. In the process it will raise critical questions regarding the contemporary place of development studies in the face of continued underdevelopment and authoritarianism in Africa and substantial parts of the Third World.
CHAPTER 2

THEORIES OF POLITICAL AND ECONOMIC DEVELOPMENT

Development has been diversely conceptualized and defined, and the enduring debate over this has crystallized into three theoretical perspectives: classical, neoliberal, and dependency. These perspectives are to some extent interrelated and complementary, comprising what has been described as "modern political economy" (Frieden 1991) which studies the actions of rational, self-interested national actors in combining within and outside institutional settings to affect social and economic outcomes. The common thread in the three approaches is that nations can act rationally in the interest of utility maximization within structural constraints. Structural constraints can, on the other hand, be altered to reshape the socioeconomic outcomes. These approaches are, in other words, different ways in which a politico-economic entity can be rearranged to produce different results.

In this study, these approaches will be used as the building blocks for the examination of the effects of structural adjustment on economic and political institutions in Sub Saharan Africa. Data from Sub Saharan Africa, over a twelve-year period, from 1980 to 1991, will be used to test these theories so as to determine which offers the more
empirically successful explanation for the macroeconomic performance of these countries. More importantly, I will examine the implications of macro-economic performance on democratization as an aspect of political development. The arguments of the three theories provide a guide for the examination of the central research question of this study: What have been the effects of structural adjustment on economic growth and, by extension, on democratization in Sub-Saharan Africa?

The Classical Approach

The end of colonialism and the emergence of politically independent nations in Africa and elsewhere generated a corpus of studies about how emerging societies can develop. Most of these early studies conceptualized development along the familiar lines of development experienced by the older nation-states of Europe and North America. Thus, classical analyses developed for "mature economies" were extrapolated to the incipient economic and political structures of the developing world. The failure of this approach to stimulate development led to critiques and new theories. The latter, rather than focus on the factors causing initiation and increment of investment and growth, concentrated on "the management of rapid structural changes that are required both to sustain growth and to improve its distribution" (Chenery, 1979). The classical perspective argues that there is a relationship between structural change and
economic growth. The change in economic structures is projected as a universal phenomenon whereby patterns of economic activities move somewhat inexorably, from simple agricultural undertakings to more complex activities. For countries lagging behind economically, the paths to development, especially economic development, lie in making changes in the structure of the economy and society.

W.W. Rostow (1963) in his seminal book, 'The Stages of Economic Growth', analyzes what he describes as the five major stages of economic development, namely, 'the traditional society', 'precondition for take-off', 'takeoff', 'drive to maturity', and 'high mass consumption society'. Rostow thus characterizes a country of the Third World as being at the traditional stage, rather akin to a state of dormancy. When a change phenomenon hits (permeates) this society, Rostow argues, it results simultaneously in the expansion of the market, the emergence of a new entrepreneurial class, the development of new ways to produce new products, and so on. These are the "precondition(s) for the take-off stage".

Rostow argues that, though this is a precondition for increased economic growth, other factors could contemporaneously militate against such preconditions and thus, stunt economic growth. The favorable conditions for economic growth could simultaneously generate increases in population, which would in turn consume the surplus
necessary for economic take off. In order to overcome this inertia a stimulus is needed to galvanize less developed societies and move them beyond the traditional, and the precondition stages, into the take-off stage. Rostow believes that such a stimulus can be a political revolution that drastically restructures the major institutions within that polity, a favorable international environment with rising export demands and prices (as often induced by structural adjustment program), or a technological revolution as was the case of Western Europe with the arrival of the steam engine that heralded the Industrial Revolution there.

According to the Rostowian model, after moving beyond the precondition stage, a country can maintain the stream of economic growth if it has capital and resources mobilized in a magnitude that raises the total national investment to at least 10 percent of the national income. This level of investment is necessary if sustained economic growth is not to be overtaken by population increases. The capital resources can be obtained through confiscation and taxation. For example, in Meiji, Japan, economic wealth obtained through heavy taxation of the peasantry in the countryside was transferred to the city, and used as a nucleus for economic growth. Also, productive investment can come from such institutions as banks, capital markets, government bonds, and the stock market which extract and channel
capital into the economy.

The third source of productive investment can be through foreign trade. Export earnings provide the foreign currency for the importation of plant and machinery needed to grow the economy. The fourth way is to obtain productive investment through foreign direct investment whereby foreign capital is used to build basic infrastructure for the operation of the economy. Once these structures are in place, the drive to maturity is reached which then spawns increases in the gross national product, employment opportunities, stronger market and market functions, and larger demands for consumer goods. This is the final stage of economic development and is what Rostow calls the "high mass consumption society".

Rostow's analysis could be described as a prescription for solving the developmental problems facing Sub Saharan Africa (as well as some other Third World regions). As several studies have suggested, the major problems facing these nations is the abject lack of productive investment, that is, essentially, capital. It is argued, both in academic and governmental circles, that if the countries of the region are offered assistance in form of capital, technology, skilled manpower, and market access they would be able to initiate and follow through with their development plans. Hence, millions of dollars in foreign aid money, and later mainly commercial loans, were funneled
to the countries in the Sub Saharan African region to stimulate development.

Recently too, especially since 1981, the Sub Saharan African region has faced serious financial and economic crises that have compelled it to borrow heavily from international lending institutions. These loans include bilateral, multilateral, and private credit from banks and consortia of banks in the West. The International Monetary Fund (IMF) and the World Bank have been at the forefront of this recent flood of capital transfer to Sub Saharan Africa. The two institutions and many neoliberal scholars, argue that international capital penetration has a strong positive effect on long term economic development of least developed countries. Consequently, it would be in the best interest of Sub Saharan African countries to accept these capital transfers. In addition to providing needed capital for productive investment, they also provide technology transfer and knowledge diffusion. As Chenery and Strout (1979) argue

> the inflow of external resources ... has become virtually a separate factor of production whose productivity and allocation provide one of the central problems for a modern theory of development (p. 383).

While the bulk of the Rostowian "phase" or "stage development theory" argues that structural changes and internal savings are necessary to stimulate economic development, it differs substantially from the position of the neoliberal perspective that emphasizes liberalization,
as will be discussed later. Rostow, however, corroborates the theoretical expositions of Lewis (1954) as well as builds upon the groundwork laid earlier by Gerschenkron (1962). These scholars appear to agree on the linearity of the development process, with transformation proceeding over many stages. Each stage is affected by increments in investments (and savings), the adoption of higher or more productive technology, and increase in human resource skills.

However, Gerschenkron's central argument is that these stages of economic growth are substantially altered by factors such as the character of the world economy, technological changes, the nature of competition among states, and state-society interactions. Consequently, "late industrializers" (by implication, countries of the developing world) will not necessarily go through the same stages of growth that early industrializers passed through, thus making it possible for them to close the gap and stimulate development. Gerschenkron's argument is referred to as the "catch-up hypothesis."

In addition, there are other intellectual efforts that emphasize and point the way to the "development of underdevelopment." The argument within this school of thought is that there is available but unutilized capacity in developing countries and only concerted and deliberate action by the state can result in its being fruitfully used.
(Lewis 1954, 1955; Meier and Seers 1984). This means that developing countries have human and natural capital but insufficient financial capital. Capital is defined here, following Sunkel (1993) as "a stock of accumulated infrastructure that would enable the mobilization of resources."

With regard to Sub Saharan African countries, this leap forward in the development effort would be made possible through foreign capital rather than through internal savings and investments. Let me note that Gerschenkron's late industrialization theory is a modification of the stage-theory approach to development analysis. It limits the generalizability of the Rostowian approach since the earlier stages of development supposedly can be skipped by late industrializers.

The central argument of the neoclassical perspective remains however, that for development to take place, there must be domestic savings and investment, and such capital that comes from outside a country would come from gains in trade. The implication is that structural change in the economy, through changes in financial capital input into the economy, are more likely than any other factor to stimulate economic development. We shall examine in this study how well this theoretical approach explains the situation in Sub Saharan Africa.
The Neoliberal Approach

The neoliberal perspective derives from neoclassical economics developed in the late nineteenth century. This approach emphasizes the mutual interdependence of nations. Neoliberal theorists argue that the world economy is a beneficial factor in development. Interdependence and economic linkage of developed economies with the less developed ones tend to favor the latter societies, as they provide an avenue for passing on factors necessary for economic development. For example, through investment and other activities of foreign companies, private multinational corporations are said to provide capital, technology, human resources, and market access, as well as improving local employment conditions where they operate (see Biersteker 1987, pp 12-27).

The neoliberal school also argues that an interdependent world economy based on free trade and an international division of labor facilitates domestic development in less developed economies. Trade among nations serves as an engine of growth, and the gains of trade (capital, technology, and access to the world market) all increase optimum efficiency in resource allocation.

According to this theory, the acceptance of external foreign capital and borrowing from international institutions are rational choices for acquiring needed resources for national development (Cusack and Ward 1981).
This encouragement of expanded capital inflow has been described as "openness" or liberalization of the economy and is credited with furthering the economic progress of developing or small states (Krasner 1976).

Structural adjustment always comes with a set of criteria or austerity measures that countries desiring funding for economic stabilization must attempt to meet. These austerity measures or "conditionalities" as they are sometimes called, comprise market liberalization, privatization of state enterprises and parastatals, reduction of public investment, trade reforms (including the dismantling of tariff barriers), currency devaluations, the removal of price controls and subsidies, and cutting back on spending on social programs. Restructuring is believed to be beneficial because factors of production, such as capital and technology, flow to those areas where their productivity is highest. It has been pointed out that failure to adjust to changing prices and economic opportunities is rooted in the domestic social and political systems, rather than in the operation of the international market system.

Neoliberalism thus argues that the elimination of constraints to the marketization of the economy has to precede or be simultaneous with the infusion of capital. Other studies have found that domestic politics takes on a high significance in determining the extent to which structural adjustment can proceed, even after structural
adjustment has been undertaken (Ruggie, 1983). Overall, the relationship between structural adjustment and economic development is well recognized in the literature of development studies. Several research efforts have found this relationship to be quite strong (Kuznets 1978, Chenery 1979, Yotopoulos and Nugent 1976).

Neoliberal restructuring in an economy generates losers and winners. The losers are likely to challenge the policies of government because its economic decisions hurt them. The consideration of the political consequences of liberalization by the political elite will thus affect the extent to which structural adjustment can be pursued and to which it can affect economic growth. Using social groups as a factor moderating social outcomes, Frieden (1991) argues that structural adjustment produces certain kinds of regimes. Those dissatisfied with a regime's policy preferences will rise against it and would eventually remove it from power. In sum, the argument is that, on the political front, neoliberal structural reform holds implications for regime type. Regrettably, such "political" factors have been overlooked in most economic models of development (Reynolds 1985, pp 413-5). The question then needs to be asked, as in this study: What are the effects of structural adjustment and the liberalizing impact of international finance have upon the political systems of the restructuring countries and how do these changes occur?
The Dependence Approach

The dependency approach emerged in the late 1960s and early 1970s as a counterpoint to classical development theory primarily because of the latter's inadequacy to explain development in the Third World. While traditional development theories depicted development problems within Africa and the Third World as stemming from their own internal development dilemmas, the dependency approach focused upon developing countries' positions within the international division of labor. The argument of this approach is that developing countries' position in the international division of labor determine their role and profit from the international political economy. Dependency theory was the "second and major new approach to political economy" (Booth 1991) which provided an alternative to liberal western explanations of economic development. The approach was championed by mostly Latin American scholars and policy makers who were disenchanted with the lack of progress in development through conventional approaches, with the crisis of orthodox Marxism, and with the failure of the Economic Commission for Latin America (So 1990).

The central argument of this theory is that the developing countries' economies are incorporated into an expanding world economy. This incorporation is meant to transform them from traditional to modern economies through the flow of trade, technology, and investment. But
according to dependentistas (as they are sometimes called) the operation of the world economy has a deleterious effect on the economies of these less developed countries in both the short and the long run. Dependency scholars consistently point out the detrimental effects of foreign trade and external investment (Frank 1967, 1969; Cardoso 1973; Wallerstein 1974, 1979; Evans 1979) on the Third World.

Whatever their strains or intellectual emphasis -- non-Marxist dependentistas of the likes of Paul Prebisch, or Marxist-influenced ones like Cardoso and Falleto -- all share the view that underdevelopment in developing countries, including Africa, is a consequence of dependence on the developed economies. In other words, the very development of the industrialized nations generates negative linkages that perpetuate the underdevelopment of the developing countries. This outcome is based on the structural division of the world political economy into an interdependent core and a periphery; the latter represented by the developing countries of Africa and the rest of the Third World. In arguing further against the "internal" explanation of orthodox development theories that blames underdevelopment on internal dynamics within developing countries (culture, overpopulation, little investment, or lack of achievement motivation), Frank (1967, 1969) expounds the concept of "the development of underdevelopment" to
illustrate that underdevelopment is not inherent in societies of developing countries, but is an after effect of many years of economic domination.

Within this intellectual vein, classical dependentistas regard economic interactions between developing countries and the advanced economies with skepticism. To them, foreign capital penetration of African nations will be disastrous both for economic development and above all for the democratization of these nations. The decline in gross national product (GNP), increases in poverty, and manipulation of governments by multinational companies are cited as evidence of this. This contradicts neoliberalism's claims that external capital infusion will provide the resources necessary for economic development, as well as build a market economy.

For the dependency perspective, the process of capital accumulation also leads to debt accumulation. Foreign debt is simply another form of dependency, as "Third World countries must follow the dictates of those countries and institutions that lend them capital" (Bradshaw and Tshandu 1990, and Bradshaw and Wahl 1991). These authors outline three deleterious effects of foreign indebtedness. First, debt and interest payments drain the meager resources available to the African countries, and thus inhibit economic development.

Second, the drain on resources undermines the capacity
of governments of the region to provide social welfare services. This problem, in turn, leads to increased poverty and lower quality of life. Third, the acceptance of external finance and implementation of structural adjustment programs result in the reduction of the role of the state. At the same time, and paradoxically, the state is called upon to assume a pre-eminent position in organizing, restructuring, and reallocation of resources in addition to diminishing itself. A fourth effect is the vitiation of the strengths of the institutions around which democracy builds so that the greater the intensity of structural reforms implementation, the greater the institutional decay.

Evans (1979) introduced a variant from the pure dependency approach which he called "dependent development". This variant of dependency theory argues that dependency is somewhat beneficial by stimulating economic development through a system of "triple alliance" of foreign capital, local capital, and the local state. Local entrepreneurs interact with multinational companies and international lenders. Foreign investments and loans provide African countries with capital, technology, and market access, and in the process lead to economic growth, resulting in the strengthening rather than the emasculation of the state. A number of studies have found a strong positive relationship between foreign investment and loans and economic development -- in Nigeria (Biersteker 1987) in Kenya (Colin
Leys 1975; Godrey 1982; Langdon 1987), and in Nigeria, Kenya and the Ivory Coast together, (Lubeck 1987). These studies corroborate the dependent development theory.

It is evident from the above review of the theoretical foundations of my study that there is little agreement among scholars, nor even within the dependency movement, regarding the benefits and disadvantages of foreign investments and capital. The conclusion that is reached depends on the analyst's intellectual perspective. Moreover, this theoretical befuddlement, in part, exists and persists due to conceptual and methodological limitations of these studies. Narrow specification and mis-specification of research questions influences and conditions the research outcomes. For instance, an analysis conducted immediately following a loan fund facility and which has only a few cases is likely to be sensitive to and to provide positive results of the impact of the loan on the recipient economy in the short run. When the same phenomenon is examined over the long run and within a broadened context, there is a likelihood that the consequences of the loan or investment on the economy might appear quite different. On the other hand, an analysis undertaken over various policy periods and encompassing in both time and space -- including a greater number of countries within a region -- could well elucidate the issues involved, more effectively.

Theories of Economic Development
There is no single way of capturing the quintessence of economic development. As the following discussion reveals, different authors have used different measures of the concept. There is also no consensus on the definition of economic development. The meaning of economic development, however, can be teased out by first examining the definition and meaning of economic growth. Following Choi (1983), two conventional definitions of economic growth will be employed in this study. The first defines it as "an increase in the real gross national product of the economy". That is to say, "an expanding real output means that the economy is growing". The second definition sees economic growth as the increases in real per capita output. Raymond W. Goldsmith (1959) has noted that the two definitions represent a distinction between "intensive economic growth" defined as an increase in real income per head, and "extensive economic growth" which represents simply the multiplication of economic units without increase in real income per capita and without the operation of external economies".

Kuznets (1973), in his definition, emphasizes this same idea of increasing the real income of the population and defines economic growth as

A long-term rise in capacity to supply increasingly diverse economic goods to [a] population, this growing capacity based on advancing technology, and the institutional and ideological adjustments that it demands (Kuznets 1973).

Arthur Lewis (1963) also incorporates the human element in
his conceptualization of economic growth. To him, the principal goal of economic growth is "the growth of output per head of population". Shearer (1961), on the other hand, argues that an economy can be said to be growing "if its normal aggregate physical capacity to produce goods and services expands."

An understanding of these shades of definitions is important for the further appreciation of the intellectual perspectives that political economists of various epistemic persuasions have adopted in analyzing the concept of growth. While the neoclassical or neoliberal writers emphasize long term capacity and actual production, others, such as the dependentistas, concern themselves with the overall improvement that economic growth bestows on the population as a welfare measure rather than as an average of all output. As defined above, economic growth deals with sustained economic increments in the total income or in the per capita income.

On the other hand, economic development implies "sustained structural change; including all the complex effects of economic growth" (Choi 1983). Some economists (Schumpeter 1934, and Hicks 1965) have tried to distinguish between the two by applying growth theories to advanced industrial economies and the "development" concept to underdeveloped economies. While the development concept may be assumed to apply to the so-called static economies, the
modern political economy of African countries does not reduce them to the "traditional" state. Clear state policy choices capture the element of development goals that are pursued. One aspect of this choice is to restructure the economy in order to maximize growth. The infusion of external capital, adoption of new technology, and the submission of the economy to market liberalism comprises one of such structural changes aimed at stimulating growth, since growth leads to sustained structural change.

The argument here is that sustained structural change is a result of rapid economic growth. Governmental economic policies adopted either as a result of home-grown efforts at policy initiation, as in Nigeria's adoption of structural adjustment measures without the prodding of the International Monetary Fund in 1986, or imposed by international lending institutions as a condition for extending credit, as in much of Saharan Africa, represent this structural change. A realistic measure of the effects of this structural change over time would be through the examination of the increases in gross national product or in the gross national product per capita. These serve as valid measures of economic growth, while governmental policy choices regarding the combination of factors, where substantially implemented, capture the element of structural change.

The above argument agrees with Coleman's (1972) contention that "economic development has a broader
reference to the building of institutions, new lines of production and the dissemination of attitudes essential for self-sustaining growth." In the light of the above discussion, economic growth is regarded as emphasizing increases in gross national product (GNP) of the economy that also lead to increases in per capita income. On the other hand, economic development implies sustained structural changes which incorporate the complex effects of economic growth. In this study, I shall be concerned with the overall structural change wrought in the economy by the restructuring process. Hence, the unit of analysis shall be economic growth. The assumption is that economic growth is subsumed under economic development and that the best way of estimating governmental economic performance is to measure the increments in the gross national product over time, which shows the levels of economic growth. Moreover, economic growth is the criterion of measure adopted in the literature by a considerable number of writers on political economy. Most notable of these are Bradshaw and Tshandu (1990), Diamond, et al (1987), Bollen and Jackman (1985), Balmer-Cao and Scheidegger (1979), and Cutwright (1963).

I recognize, however, that as a process, economic development is not synonymous with economic growth. Economic growth reflected in the rise in the GNP may not reflect income equality. That is, as the average incomes rise, the economic conditions of a great majority of the
people may remain miserable. Such a situation can be categorized as 'economic growth with negative development'. The converse is 'development with negative growth'. As Colman and Nixson (1986) argue this might occur "where a major restructuring occurs in attitudes, political institutions and production relations which creates the conditions for future development, but at short run cost of reduced GNP due to disruptions of the previous production and distribution system" (p 5). In the same manner, Streeten (1972, p. 31) has argued that "just as there can be economic growth without development, there can be development without economic growth."

With regard to Sub-Saharan African countries undergoing structural adjustment, the question then is: Has there been economic growth, measured as the overall percentage change in the gross national product (GNP)? That is to say, how much annual percentage change in economic growth has occurred as a result of the structural changes in the economy? In this study, I emphasize the percentage change of GNP per capita over time as the measure of economic growth in order to capture the effects of the restructuring process on the economy.

Theories of Democracy

The main effort in this study is to link structural adjustment to democratization. To begin to do this effectively, I must first define democracy and thereafter
scheme out the links between structural adjustment and democracy. As Diamond (1988a) has strongly maintained, democracy must meet three definitional criteria. It must include: a meaningful and extensive competition among individuals and organized groups for the major positions of government power; a highly inclusive level of political participation in the selection of leaders and policies through regular, free, and fair elections of the executive and legislative bodies; and a level of civil and political liberties -- freedom of expression, freedom of the press, freedom of association sufficient to ensure the integrity of political competition and participation, (see also Lipset 1960, Dahl 1971, Coulter 1975, Linz 1978, Bollen 1979, Gastil 1982, 1989). These criteria fall within the ambit of the procedural definition.

An important procedural definition of democracy was Schumpeter's (1942), in which he identified two dimensions -- contestation and participation undergirded by political and civil liberties. Huntington (1991) adds some clarification here and argues that the adoption of a structural definition enables an analysis to indicate to "what extent political systems are democratic, to compare systems, and to analyze whether systems are becoming more or less democratic".

Dahl (1971), had earlier formulated democracies as polyarchies. He argued that democracies cannot be
completely responsive to all their citizens. He uses competition and participation as two dimensions of democratization that can be empirically observed for determining how a political system approached democratic ideals. The ideal he designs falls short of pure democracy and this he calls polyarchy.

Morlino (1986) provides a more encompassing definition of democracy that facilitates an expansive operationalization. According to him, democracy is "a set of institutions and rules that allow competition and participation for all citizens considered as equals."

Empirically, such a political arrangement is characterized by free, fair, and recurring elections...universal suffrage, multiple organizations, alternative sources of information, and includes elections to fill the most relevant offices (Morlino 1986, 54).

What are the measures of democracy? Many scholars have operationalized democracy, but the indicators they use vary as widely as their research efforts. There is no universally accepted measure, but measures have nevertheless become more diversified and sometimes complicated.

Most of these measures have been largely subjective. Fitzgibbon (1951, 1956) used a 15-item measure of democratic development in Latin American countries. He used expert evaluation in obtaining the data for these measures. The Fitzgibbon Image Index that emerged from this research
effort, though providing data on rank ordering of democratic development is flawed for any rigorous research because of its subjectivity.

Cutright (1963) constructed an index of political development which is a continuous variable. He based his construction on the characteristics of the legislative and the executive branches of government and each country could score from 1 through 63, over a 21-year period. But his indicators ignored the level of political participation. Needler (1967) measured participation as the "percentage of the population voting in general elections"; and the years of constitutional government as the degree of constitutionality, both of which measured political development. The latter is not an adequate measure because it confuses the longevity of constitutionality with the actual nature of democracy.

In addition to the central concepts of participation and competition, Flanagan and Fogelman (1971) measured electoral succession and absence of suppression as two of the four characteristics comprising an index of democratic political system. The latter measure being a non-continuous variable does not capture variations in the level of repression and its implications for the level of democracy. Jackman (1974) included "information availability" as a third measure of democracy. To him, participation is indicated as "adult voting as a proportion of the total
voting age population". Bollen (1979) on the other hand, ignored the participatory aspect of democracy and measured only "popular sovereignty" and "civil liberties". His formulation is considered incomplete for omitting citizen participation.

The emphasis here is to trace the continuity of the growth of the democratic process, hence the conceptual framework focuses on democratization rather democracy. There is a tendency among democracy scholars, as the above discussion illustrates, to emphasize the measures and availability or otherwise of these measures of democracy as the central object of study.

Moreover, there is no consensus among democratists (by this I mean students of democracy) about the nature of the subject. There have emerged various subfields catering to various social, political and ideological persuasions, such as constitutionalists, pluralists, social democrats, majoritarians, and so on, which, according to one study makes "real democracy" difficult to discern (Dryzek and Berejikian 1993).

One priority for the study of democratization is to assess the importance of social and other environmental factors on conscious strategies of democratization (Vanhanen 1990) by political actors. It is necessary to determine whether democratization occurs as a result of the conscious strategies of national actors, or is driven by other forces.
This conceptual difference affects the kind of measures adopted in democratization research, as scholars adopting any of the two perspectives are wont to use different measures.

It must be noted that, while most scholars accept participation and competition as cardinal to the measurement requirement, they mostly differ on the indicators for participation. Different formulations of the measure abound in the literature -- for example, proportion of total population (Windham 1976), percentage of the population voting in general elections (Needler 1971), and percentage of adult population that voted in elections (Vanhanen 1990). These differing measures constitute the point of departure for the various studies. One thing is obvious in these constructions, however. There are three central criteria -- popular participation, political competition, and civil and political liberties -- that have emerged as the defining characteristics of a democratic system. This does not mean that there is consensus among scholars on the "operational indicators of democratization". It must be said, however, that the research question being examined drives the measures that each scholar adopts. The omission of any of the indicators might call into question the completeness of the measurement process and the research outcomes might thus be limited in their generalizability.

The three measures are important in indicating
democratization. Through competition, citizens are free to organize in order to be more efficacious in the policy-making arena of government through their votes for leaders who make those policies. Consequently, a polity is democratic to the extent that it encompasses instruments for popular participation and ensures political competition. That is to say, the more democratic a country, the more participatory and competitive it is politically. One might add that for a political system to operate and guarantee the two conditions of participation and competition, it would have to have a corpus of political and civil liberties (Diamond, Lipset, and Linz 1986).

In this study, I follow and expand on Morlino’s definition and thus operationalize democracy as a system or method of government underlined (a) by a set of rules, regulations, and conventions that govern and guarantee the inclusive and open competition and participation of all adults; (b) by competition between at least two groups, in the selection of the most powerful decision makers through free, fair, and periodic elections; and (c) by the availability of civil and political liberties to all citizens without limiting conditions. Each political group must be unhampered in its attempt to present alternative policies, and to capture political power. In addition, the votes of the electorate must be freely given and not coerced.
Interface of Political and Economic Liberalization

Having examined the components of economic growth, and discussed aspects of democracy, as well as reviewed the literature on this research problem, the empirical question is now posed as to whether economic growth resulting from structural adjustment and generated by the infusion of foreign capital has led to political democracy? Several studies seem to say that this is true. For example, Diamond (1992) argues that evidence from both quantitative and qualitative studies shows that Lipset’s (1960) assertion of a direct relationship between economic development and democracy has been consistent and strong over time, in the over 30 years in which it has been studied. Could a quantitative study of this relationship in Africa yield similar results?

In order to get a grip on the context of the discussion here, let us briefly examine the political practices in Africa in the post-independence period, which forms the framework for our discussion of democratization in Africa. The African Political Experience. Since independence, several African countries have moved from the participant democracy of the early 1960s to either single mass (state) parties (Tanzania, Kenya, Zambia, Zimbabwe, Cote d’Ivoire, and Ghana under Nkrumah); military dictatorships (Nigeria, Liberia, Ghana, Uganda, Zaire, Mauritania, Somalia, among others); or have remained in the leftist camp carried over
from the days of liberation struggle (Angola, Mozambique, Guinea, and Guinea-Bissau).

Given that more than two decades, beginning in the late 1960s, have elapsed since the decline of the first democratic institutions and that the last decade (1980-1990) has witnessed the implementation of structural adjustment in most of these countries, I seek here to test the proposition that economic growth leads to democratization, especially in Sub Saharan Africa. The question now remains whether structural adjustment and economic growth have generated a tendency toward democratic liberalization or democratic consolidation.

In further exploration of the research question, I have surveyed the implementation of structural adjustment policies in most of the countries of the Sub Saharan African region to determine whether they set in motion what Larry Diamond (1988b) calls "democratic renaissance" for political liberalization.

This research pursuit is quite in order because most African countries emerged from decolonization with trappings of democracy foisted on them by the departing colonialists. But through years of tinkering with the structures and gross abuses to the political systems, the democratic institutions have broken down. Recent calls for multi-partyism in Kenya, Ghana, and Zambia; the demands for constitutional reforms, through the aegis of sovereign national conferences in
Nigeria, Kenya, Cameroon, Zaire, Gabon, Togo, and elsewhere in Africa suggest that the misguided economic activities of the late 1980s are driving political change in the early 1990s.

My argument is that the current pro-democracy movements -- what scholars have variously described as "pluralist thrusts" (Kunz 1995) and "popular upsurges" (Bratton 1989) -- are heavily attributable to the flux of internal economic dynamics within Sub Saharan African countries. One must also acknowledge, of course, that the revolution in the mass media of communication and the global diffusion of democracy that began in southern Europe in the 1970s, diffused to Latin America in the 1980s, and presently expanding into the former Soviet Union and Eastern Europe, is now blowing across Africa. However, the prime factor driving this change in political openness, in my view, is the economic and social changes these countries are generating. Diamond (1988a) could well be correct in asserting that

Authoritarian regimes have been no more (and often less) effective than democratic ones...If democracy has failed to become institutionalized, so has authoritarianism. In this case the playing field is still even." (Diamond 1988a, p.26).

He goes further to argue that the 1960s and 1970s witnessed the failure of democracy, just as the 1980s marking anti-authoritarianism. In examining the hypothesized
relationships, I also explored the possible confounding influences of several intervening variables in the process of political liberalization.

I also examine the pattern of democratization across the selected countries in the study. Huntington (1991) maintains that "the relationship between economic development, on the one hand, and democracy and democratization, on the other, is complex and probably varies in time and place". In this regard I have investigated whether there are contextually dominant factors that affect the impact of economic growth on democratization. I sought to know whether these factors intermingle with the level of economic development to affect pro-democracy initiatives in some countries and not in others.

A number of studies indicate that the success of structural adjustment varies from one country to the other. My third research question thus concerns the degree of variance of democratization of countries in Sub Saharan Africa with the intensity of structural adjustment implementation, given extant differences in the level of economic development. Almond, Flanagan, and Mundt (1980) have related declining "economic performance components" to the upsurge of democratization. In this context, I investigate whether the intensity of implementation of structural adjustment bears any relationship to the rate of
democratization. I hypothesize that the intensity of implementation of structural adjustment is directly related to increases in economic growth and indirectly related to political liberalization through the activities of civil society.

In this section, I have tried to link the two main conceptual constructs (structural adjustment and democracy) being examined in this study. I assume that a positive relationship exists between structural adjustment and economic development, and that it is possible to extend the argument and say that structural adjustment implementation is also associated with democratic development. Changes in the economy generate civil society, whose component groups subsequently affect the operation of the political system, tilting it towards the accommodation of non-political elites. This interconnection leading to democratization, comes about through the dual transformation in the African political economy.

**Dual Transformation In African Political Economy**

In this section I will discuss and highlight the main factors responsible for the simultaneity in the emergence of economic and political changes in most African countries. For most African countries, economic liberalization and political liberalization appear to have begun at about the same time. While it is premature to submit that this
signals a new era in democratic development on the continent, this interesting development is very worthy of note.

This dual process of structural transformation has been identified in some Latin American countries, where economic liberalization under authoritarian regimes led to democratization (O'Donnell et al., 1986). In the more recent times, the collapse of the Soviet Union and communist eastern Europe; and the re-emergence of the nation states of Russia and Eastern Europe set in motion a transition from authoritarianism to democracy to be simultaneously followed by economic liberalization (Nelson 1990).

The sequences in which these processes have appeared are manifestly different in each country and/or region. What is obvious however, is that political and economic liberalization appear to go together (Pool 1993, McClintock 1989). The observation made by Sunkel (1993) eloquently summarizes this point:

Two generalized sets of trends can be clearly discerned, corresponding to two profound and long term processes that are unfortunately contradictory and on a collision course. On the one hand, there is the demand for democratization and citizen participation that has been inexorably mounting, based on profound socio-economic and cultural changes -- both domestic and external -- that have taken place in recent decades. On the other hand, there is a development crisis of major proportions and already lengthy duration as a result of external debt crisis and adjustment and restructuring policies that have been implemented since then (Sunkel 1993, p.33).
In the first process people are demanding more financial and economic resources, working against governmental action, and struggling to cut public spending. This antistatism is considered an attempt to "pluralize a statized (polity) ... in a polyarchic direction" (Kunz 1995). This contradiction in perspective between the state or political elites and its citizens might lead to political conflict. But this a short term event.

Several reasons have been adduced for this phenomenon in Africa. First is the collapse of long time authoritarian regimes in Somalia, Ethiopia, Zambia, Malawi, Benin, and Mali; and the liberalization of others in Kenya and Ghana, where the incumbents were forced to hold multiparty elections. The second factor is the collapse of dictatorships outside Africa, as was the case in Spain, Portugal and Greece in the late 1970s.

Thirdly, the policy of the United States, since the mid 1970s, to defend human rights around the world encouraged erstwhile persecuted groups to agitate for freedom. The fourth reason has already been alluded to above -- the collapse of communist political domination in Europe. The democratization of the once impenetrable Iron Curtain countries nurtured the hopes of African peoples for democracy. Finally, there is underway a revolution in the media of mass communication, by which citizens of most African countries have the opportunity to know through
radios, television, facsimile, and the print media the latest news in the world. The media as a whole bring them close to the centers of other democracies and democratizing societies, and are evidently likely to produce a diffusion effect.

In Africa, some studies have already shown that economic reforms are beginning to precede political transformation. Gibbon (1992) argues that two major developments that have characterized the political economy of Sub Saharan Africa in the last decade are "the adoption of economic structural adjustment reforms and the emergence of pressures towards multi-party democracy" (see p.127). Though there are states where economic liberalization has taken place without political liberalization -- such as Libya (Vandewalle 1991) -- in this study structural adjustment is considered to be the actual precipitator of political reforms, and the ongoing search for a viable democratic order in the region is not just an attempt to fall in line with the rest of the world and adopt "the dominant global political development of the late twentieth century" (Huntington 1991, p.xiii).

The association between development arising from economic liberalization, and political liberalization is captured in the contention that the more developed a nation becomes, the more democratic its polity will become. Bollen and Jackman (1985) found that the level of economic
development has a pronounced effect on political democracy. They argue that over the long term, economic development creates the basis for democratic regimes. In the short term, very rapid economic growth and economic crisis may undermine authoritarian regimes.

The studies indicating the positive relationship between socioeconomic development and democracy are all anchored on what is known as the "Lipset hypothesis" originally developed by Lipset (1960). The thesis contends that increases in "economic development level" lead to increases in the "level of democracy". That is to say, the more well to do a nation is, the greater the chances it will sustain democracy. This has been confirmed by later studies (Cutwright 1963, Cutwright and Wiley 1969, Smith 1969). More recent studies have, in addition, whether factors that cause democracy are uniform or vary across a geographical area? Can, as Vanhanen (1990) asks, the variation of democratization be explained by objective environmental factors?

Several studies have identified other causes of democratization or democratic transformation. Karl Marx, Barrington Moore (1966), and Huntington (1984) attribute democratization to the availability of an urban middle class. Political culture and social structure's impact on political democracy have been explored by Lerner (1958), and Almond and Verba (1963). Schmitter (1990) considers the
civil society to be an important element in democratic transformations. Relationships have also been established between democracy and other variables such as a market economy, high overall economic wealth, relatively equal distribution of income, social pluralism and strong intermediate groups, a strong middle class, and the prevalence of democratic structures within social groups, particularly those connected to politics.

Huntington (1991, p.37) has identified twenty seven such variables that are assumed to explain democratization, but adds that the significance of these variables over time is "likely to vary considerably." The point however, remains that these variables have to some degree played an important role in shepherding democratization, be it in western Europe in the nineteenth century, southern Europe in the 1970s, Latin America in the 1980s, and more recently in Russia and eastern Europe. In this study, I consider the operation of a market economy and its effects on economic growth, social pluralism and the availability of strong intermediate groups that help to promote democracy.

Civil Society and Democratization. Social pluralism and small intermediate groups with political relevance manifest themselves in the concept of civil society, and it is within this mediating framework that I analyze the impact of structural adjustment on both economic development and
Structural adjustments in Sub Saharan Africa have spawned the evolution of civil society. Economic collapse has forced people into the informal sector, outside the ambit of the state. In the process of securing economic survival, individuals disconnect from the state to move into the informal sector to seek refuge from the harsh realities of the economic measures of the authoritarian regimes. They may, in turn, form associations that operate and act outside state tutelage, and their stance is oppositional to the policies of the state.

Civil society has its roots in the historical traditions of Western political and social thought. Today, however, it is used as a defining analytical instrument for the study of individual and social relations in Africa and elsewhere. As Taylor (1990) observes, "the idea of civil society is part of any continuing struggle for freedom in the modern world." Echoing this same points, Seligman (1990, p.3) notes that "(civil society) rests on the largely free individual but also on the community of free individuals." The core principle of civil society is the freedom of the reasonable individual to take directive action to influence policies that affect his interests. As we shall demonstrate with data and evidence from Sub Saharan Africa, the development of an associational universe of politically-motivated independent groups has affected the...
diminution of authoritarianism in SSA. As Patton (1992, p.103) strongly opines, "democratization is greatly assisted by the emergence of civil society" and some scholars have labelled it the missing "dimension" or "key to sustain political reform, legitimate states and ...viable state-society relationships" (Harbeson 1994, p.1).

The introduction of structural adjustment thus provides civil society an opportunity to have a political voice on how the economy should be run. At once, civil society moves from being an attempt by groups and individuals to survive outside the state to one in which they are participants in the state. In order to realize this objective the state must be weakened, not directly but through embezzlement, smuggling, and black marketeering (Chazan 1994), so as to take away or reduce its role as economic manager. The undermining of the power of the state forces it to yield, albeit reluctantly, political space through which civil society has a political voice. In a recent study the World Bank notes that informal enterprises have demonstrated remarkable dynamism in Africa's move towards sustainable growth. The report continues that

In country after country, the informal sector has exhibited a resiliency and a responsiveness to changing conditions and opportunities that goes beyond an existence predicated simply on policy distortions and the general poor performance of the largely statist formal sector. (World Bank 1989 pp. 34-35).
Such informal economy, known as *kalabule* in Ghana, *magendo* in Uganda and other parts of East Africa, and *oluwole* in Nigeria grew dramatically in the 1980s. In order to evade the strong arm of the authoritarian state, these groups “checked out” from the state into the informal sector. The informal sector, invariably becomes the zone of survival, the "interstitial frontier of civil society" (Azarya 1988, Kopytoff 1987) as well as the spawning ground for civil society and its economic and political activities.

African governments, in response to both domestic and international pressure have undertaken privatization of state enterprises, reduction in the size of the bureaucracy, and the rationalization of governmental activity and departments, among others in order to contain the crises that face them. By so doing, the government has ceded space for civil society organizations to operate in. As the economies of the countries in the region continue to falter, the states’ ability to manage civil society deteriorates. Consequently, the state’s capacity to control burgeoning organizations would likely diminish.

Hence, an emboldened civil society emerges to galvanize this new initiative at improving the economy and remaking the state-society relations that is open and tolerant of contrary opinions. Such a civil-society is seen to reinforce a market reform, engendering rational economic choices and bringing in its wake a more activist citizenry,
that will organize to protect its interest in the political arena. With a strong capitalist development on the ruins of the economic mismanagement of the state, public debate is engendered along the interests formed by groups in their sectors of the informal economy.

Group interest would likely include the continued operation of the free market in the formal economy, because within it civil society would be better able to affect the decision making process. The lesson then is that free markets have a salutary effect on the activities of civil society in their quest for a relatively open political system.

As Grosh (1995) has opined, economic collapse does lead to political change, though she argues that political openness would be realized only after economic liberalization would have been achieved. Grosh's basic assumption appears to be that structural adjustment proceeds, in most cases, under an authoritarian regime and that the regime would last the entire cycle of the reform period, at the end of which it eases itself out of power to allow liberalization. This thinking diminishes the assumed impact of civil society in a transforming economy.

The extension of this argument, nevertheless, is that by submitting to public and open debate, civil society will come to realize that it exerts some influence and, in like manner, would come to accept political outcomes as a sum of
the interests of all groups in a pluralistic polity. Such a realization promotes an enduring democratic process.

Though one would expect this development to have other under-currents and implications, such as the impact of ethnic and religious loyalties, political interests of the middle and professional class forced into civil society by the lack of a political access. Yet, one is inclined to think that the explanation here runs counter to Ake's (1992) contention that there is no real association between structural adjustment, market liberalization, and democratization. My argument here, also, is a possible rebuttal of the argument that the weakening of the state structure jeopardizes the chances of "constructing" civil society.

To be viable, civil society has to evolve out of the contradictions in, and the weakening of the authoritarian structure of the state. Social classes (usually the middle class and the working class) must 'fight' their way into the political system rather than wait for the repressive state system to create opportunities for its existence. The very statist nature of the authoritarian regime or of the ruling elite helps to perpetuate the incumbent regime. Inevitably, state-centeredness concentrates in the state elite and, until the institutional sources of their power diminish, they will not likely budge to sub-structural pressures for openness of the political system.
It is possible here, also, to draw inferences from the realm of economics. Private preferences for political leadership and, by implication, public policy like the private choices made in the economic market-place for private goods, is perhaps the only way in which a responsive and responsible political democracy can be established in Africa. As Macpherson contends in his classic analysis of the golden age of Western constitutionalism,

It is the mediate principle that ...the ultimate human values can be achieved by, and only by, free enterprise in both political and economic life, only by the free party system and the capitalist market system. (Macpherson 1973)

Through access to the political system and the advocacy of its goals, just like choices made in the open market, civil society and the plurality of groups comprising it are able to penetrate the state, participate in decision-making and subsequently hold the state accountable for its actions, thereby furthering the cause of political liberalization.

In Frank Kunz's (1995) words, "this pluralistic thrust" on the political front, through the activities of civil society, has brought several African countries, in the early 1990s, to the threshold of a democratic breakthrough. This popular demand for political openness has been channeled through national political conference forums. The inevitability of political action resulting from this has culminated in multiparty elections and defeat of
authoritarian incumbents: Kaunda in Zambia, Banda in Malawi, Kerekou in Benin and Traore in Mali.

It has also forced multiparty elections in several countries where incumbents have retained elective office through vote buying and the clever manipulation of the opposition. Several examples come to mind: Moi in Kenya, Rawlings in Ghana, Biya in Cameroon, Eyadema in Togo, Campaore in Burkina Faso, and Bongo in Gabon. Yet elsewhere, such as Zaire, Nigeria and Cote d’Ivoire, the struggle for political liberalization has resulted in a stalemate.

It must be noted however that groups that are the creation of the state and that promote the interest of the latter, do not qualify for inclusion in civil society. A proper conceptualization of civil society must therefore exclude such groups that have been referred to as "rent seeking" groups rather than civil society (Merenin 1988, Iheduru 1994).

Putnam (1989) has used quantitative techniques to examine the development of what is called "civic communities" in modern Italy. In tracing the impact of the "tumultuous period of reform" in the 1970s that diffused power away from the centralized ministerial departments in Rome to the regions, Putnam examined change through time and space, and most importantly explored the relationship between economic modernity and institutional performance,
and then examined the link between institutional performance and the character of the civic community. Defining civic community, Putnam maintains that it is "marked by an active public spirited citizenry, by egalitarian political relations, by a social fabric of trust and cooperation" (Putnam 1989, p.15).

Putnam found that some regions of Italy are characterized by "vibrant networks and norms of civic engagements" while other regions possess "vertically structured political systems, a fragmented and isolated social life, and a culture of distrust. Putnam argues that these differences in regional civic cultures invariably play a role in the level of success of institutional structures.

The Putnam study is particularly relevant here because it attempts to demonstrate "how changes in formal institutions induce changes in political behavior" (Putnam 1989, p.17).

What might these activities of civil society in Africa contribute to knowledge about democratization theory? This study seeks to use Vanhanen's ideas to test how changing economic and social institutions may be contributing to democratization in Africa. More specifically, this study explores how the changing economic conditions generated by structural adjustment in Africa in the 1980s affected social and political institutions so as to permit otherwise excluded groups to seek power and to influence policy.
CHAPTER 3

STRUCTURE OF AFRICAN POLITICAL ECONOMY

This chapter reviews African political economy as regards its structure, underpinnings, and directions within the context of its own history and that of the international capitalist system. Africa in this chapter, as in the rest of the study, refers to Sub Saharan Africa. It comprises roughly forty countries in the region exclusive of north or Mediterranean Africa and South Africa, but includes the islands of Madagascar, Mauritius, and Sao Tome and Principe. It is possible to study this part of Africa as a single region because the countries share common political-economic characteristics which make them amenable to a cross-national analysis. Almost all of these countries have a low level of socio-economic development, operate a dualistic economy (one rational-economic, and the other rural-informal), and have state-dominated economic structures. Excepting Ethiopia and Liberia, all have been colonies, most have at one time or the other come under authoritarian rule, and all have dependent economies that are severely indebted externally.

The format for this chapter will be as follows. First, I will trace the internal evolution of Sub Saharan African economies, especially highlighting the colonial period. Here I examine how contact with the economies of the
advanced industrial colonizing states shaped, and continues to shape, the emerging economies of the African region. Second, I describe the absorption of African economies into the international capitalist system and their relative economic importance in it.

Given this setting, I analyze and discuss the ways in which the African economies responded (and continue to respond) to the demands of development from the domestic economy, as well as to impulses from the international capitalist system. I then outline the characteristics of the African political economy by examining its various components -- such as the fluctuations in state revenues, the performance of the agricultural and the industrial sectors, population explosion and rural-urban migration, foreign indebtedness, and the seemingly perennial political instability. I argue at this point that the institutional-social setting has shaped or affected economic growth, as well as impacted political behavior and participation in the region. To add to this, I explore how economic reforms in response to the various crises that these economies face affect both economic growth and political liberalization or democracy.

**Historical Context of African Political Economy**

Before colonization and the Council of Berlin of 1884/85 scrambled for, and created the present African states, ancient African kingdoms had commercial contacts with the
outside world. This is contrary to the arguments of some writers that Africa's political and economic history started with her contact with Europeans. The empires of Ghana and Mali existed about 700 A.D., 1400 A.D respectively, and both had economic contacts with Arab civilization through the Trans-Saharan trade. The trans-Saharan trade expanded to its zenith under Askia I and Askia II of the Songhai empire (c. 1600 A.D.) when the empire was at the height of its power and most expansive. There were other instances of contact with Europe through Arab intermediaries, in the Bornu-Kanem empire and the Hausa states. To the south of the continent was the great Zimbabwe empire. There was also the famed Nubian and Axum kingdoms to the east of the continent.

The Spaniards and the Portuguese who came looking for spices were however the first Europeans who arrived on the West African coast, and from then to other areas. What these traders wanted was access to the products they sought. They only maintained trading posts on the coast, such as at Elmina and Cape Coast (in present day Ghana), Bonny and Opobo in Nigeria and in Gabon. They neither meddled nor were involved in the politics and administration of the native kingdoms. As Austen (1987) observes, the "frontiers of international commerce undoubtedly provided the major stimulus to growth in the pre-colonial African economy."
The changes emerging from what has been described as the "contact economies", however, led to little transformation of the production, organization, and technology in agriculture and manufacturing. As the liberal market interpretation of the development of the African economy has stated, the archaic organization of the African societies was a fundamental stumbling block in the expansion of market structures and level of development. Thus according to Hopkins (1973) and Fieldhouse (1973), the new economic structure simply created class conflicts between merchants and peasants on the one hand and the emergent political class on the other.

Against this background, colonialism caused a massive reorganization of these societies, thereby making them suitable for the structure and technology of the international economy. In essence, the structural weakness of the pre-colonial African economy prepared the ground for the colonial economy, whose subsequent evolution produced today's political economy. The technological and organizational levels of development of the colonizers immensely however, favored them in establishing and developing the colonies.

The legacy of colonialism profoundly shapes the structure and capacity of the African economy today. Any analysis of the contemporary African political economy requires an awareness of this historical legacy and its
structural implications for economic performance. As Adedeji succinctly puts it,

...the structure of the African political economy... is the only basis we have to evaluate its vulnerability or resilience to external shocks, or its capacity, or lack of it, to generate from within the momentum for socio-economic growth and self transformation. From this perspective, we trace the African socio-economic crisis in the very structure of the African political economy and its most salient and distinguishing features. (Adedeji 1992, p.6).

Pre-colonial and colonial commercial contacts and impulses conditioned African polities in both ancient and modern times to engage in extractive and agricultural production. The result is that present African political economic structures still heavily orient toward agricultural and extractive activities, despite several decades of commercial contacts with the West.

One major impact of colonialism is that it led to the balkanization of Africa into national political fragments, many sovereign only in name and barely feasible economically. Africa has fifty-two countries in all, the most of any continent. Forty-three of these are in Sub Saharan Africa. By the early 1960s (when most of Africa became independent), twenty-four of these countries had populations of less than five million each and of these ten had populations below one million. Of the rest, seven had populations of between 11 and 20 million. Only three -- Ethiopia, Egypt and Nigeria -- had populations above 20
million. By 1992, almost three decades later, several countries still had low populations. Eight countries have populations of two million or less. Four countries (Sierra Leone, Togo, Benin, and Central African Republic) have populations between three and five million. Nine other countries have populations that do not exceed ten million. In 1992, only six Sub Saharan African countries had populations above 20 million: Kenya 26 million, Tanzania 26 million, Sudan 27 million, Ethiopia 55 million, and Nigeria 102 million. (World Development Report, 1994).

Perhaps half the countries in Sub Saharan Africa have populations so low that they do not constitute a strong base to stimulate economic development. Most vibrant Asian economies are backed by a large population that provides both the necessary labor force and the market: the Republic of Korea, 44 million; Indonesia, 184 million; Hong Kong, 6 million; and Singapore, 3 million (World Development Report 1994).

Ironically, the Organization of African Unity (OAU) supports the territorial integrity of the post-colonial states, claiming that changes in the geo-political map of Africa would seriously undermine the existence of many African countries. This position of the OAU notwithstanding, one thing that has become clear from an examination of African countries is that the political elites in these countries are more concerned with the
political stability of the weak states they inherited from the colonialists than with seeking ways to guarantee the economic viability of those states. Salvatore (1989) confirms that: "this partially successful guarantee of continuity would probably cost dearly at the level of the new functions (i.e. economic independence and progress) that the new Africa states were called upon to carry out."

In the post-independence period also, various attempts at economic and political integration have been unsuccessful largely because of differences in historical experiences, monetary systems, and international power play (Asante 1985). The East African Economic Community and the Central African Union were of colonial origin and so were held suspect by the governments of the nations that were involved. The fears of hegemonic domination by Ghana doomed the Ghana-Guinea-Mali Union. A similar underlying fear of Nigerian domination also threatens the more inclusive and indigenous Economic Community of West African States (ECOWAS). The result of all these is that there are only limited inter- and intra-Africa relations in commerce and industry. Almost all Sub Saharan African countries retain their erstwhile colonial metropoles as their major trading partners.

Characteristics of African Political Economy

Several profiles of the African political economy have emerged consequent upon its history and development. These
include a shifting revenue base, failed industrialization, dualistic economy, population explosion, rapid urbanization, debt crisis, and political instability. When these characteristics are analyzed they provide some insight into the economic, debt, development, and political crises that are presently ruinous to the African political economy.

Beginning with the capital base of these countries, the structure of the African economy subjects it to a constantly shifting revenue base. Because of the excessive reliance of most nations on a single or few export products, fluctuations in commodity prices may dramatically affect a country's total receipt from exports and thus the nation's current account position. In the immediate post-colonial period, groundnut from the Gambia, Senegal, and Nigeria; cocoa from Ghana, Nigeria, and Cameroon; sisal and coffee from Kenya, Tanzania; as well as other forest and agricultural products yielded enough revenues, to produce what some scholars have referred to as the "golden period" in African development. After 1965, however, fluctuations in the world market led to reduced revenue for African countries and hence, to distortions in their economies.

Ghana's once noted cocoa product export boom from 1958 to 1965 suffered a sharp decline, down to almost 50 percent of its original volume, when the world demand for cocoa dropped in 1965. Gambia and Senegal suffered similar declines in export sales and revenues from groundnut in the
same period. In Nigeria this reduced demand was compensated by the advent of petroleum as a major foreign exchange earner in this period, but it nevertheless contributed to the wiping out of the historic groundnut pyramids of Kano and other parts of the northern states of Nigeria. Farmers had little incentive to produce. In recent times, the persistence of drought and the lack of an articulated agricultural policy, coupled with the world-wide recessions in the West and the concomitant reduction in the demand for these raw materials have exacerbated this agricultural export revenue loss.

The same applies to extractive industries. Fluctuations in the price of bauxite, copper, and aluminum made the financial base of the countries producing them unsteady at best. The drop in prices of these mineral products in 1975 and 1980, respectively, affected the revenues of Zaire (copper), Zambia (copper), Sierra Leone (iron ore), Ghana (bauxite), and so on. Even Nigeria, Gabon, and Zaire, which had benefitted immensely from the oil price increases of 1973 and 1978, suffered substantial shortfalls in revenues when oil prices tumbled from thirty six dollars per barrel in those years to about eighteen dollars per barrel or less beginning in 1983.

In summary, the vagaries of a narrow export product base have constrained long term planning and, consequently, consistent development in Africa. The combination of
misguided public policies, ineffective and sometimes a non-existent agricultural policy, natural hazards, and economic developments in advanced industrial nations have all contributed to worsen the revenue base on which many African countries depend for development. The loss of revenue has created financial and debt crises that require economic or structural reforms.

Failed Industrialization. The second characteristic of most African economies is the failure of the industrialization policy of the early post independence period. With political independence, most African countries had conceived of industrialization as the engine of growth that would drive development. Consequently they embarked on Import Substitution Industrialization (ISI). This policy is similar to the one adopted by Latin American countries in the early 1950s on the advice of the Economic Commission for Latin America (ECLA) (Evans 1979, and Leys 1975).

This policy choice failed because of its inherent contradictions: technology dependency thus requiring foreign know how and expatriate manpower, high import content in both raw materials and technology thus lacking self-sufficiency, capital-intensive rather than labor-intensive industries when labor is surplus and capital is scarce, the problem of capacity utilization, which was as low as 30 percent given that foreign exchange was in short supply to purchase foreign raw materials. Moreover, products that bore
little relevance to national development and general consumption pattern of the people were produced.

Altogether, the results of Africa's industrialization efforts have been dismal. In a collated report by the staff of the World Bank, Dominick Salvatore writes:

The process of industrialization (in Africa) has also been beset by serious difficulties and stagnation. Industrialization has failed to produce the dynamic force required for the dynamic transformation of the African economies. Today, Africa is the least industrialized region of the world, having to import practically all investment and consumer goods. (Salvatore 1989, p. 24).

Other writers and scholars concur. For instance, Nyang'oro (1989) confirms that "the manufacturing sector in Africa remains small and enclaved, accounting for only 7.5 per cent of the region's gross domestic product (GDP)."

In fact, for the low income countries of Sub Saharan Africa, the share of manufacturing to GDP declined from 9 percent to 7 percent between 1965 and 1983, while for the remaining countries, the sector stagnated at 7 percent of GDP (World Bank, 1988). Consequently, manufacturing's average annual growth rate also drastically declined from 4.3 percent between 1970 and 1980 to 1.4 percent for the 1980-1992 period (World Bank 1994).

Whatever small efforts have been made in the industrial and manufacturing sectors in Africa have been overtaken by other problems. As a result of high cost of production, low quality, trade restrictions, and recessions in advanced
industrial nations, Africa’s simple manufactures have been unable to compete on world markets with products from other developing countries (Ezeala-Harrison 1994).

It would be pertinent to argue that most problems of the industrial sector are, however, attributable to the attitude and policy options chosen by the political elite: choice of industrial policy (ISI), level of industrial activity (capital-intensive rather than labor-intensive), manufacturing concerns run as political arm of government or party (rather than as a rational economic units), lack of support for entrepreneurial development (domestic and foreign), and an inability to attract foreign investment as a result of unsatisfactory governmental macroeconomic performance.

High population growth. Nyang’oro (1989) writes that Africa has the highest rate of population increase in the world with a regional average of 3.3 percent yearly growth. Similar assertions regarding the population of Africa have also been made in various World Bank reports and other scholarly writings. According to a World Bank (1994) study that has population projections to the year 2000, as in table 3.1, only three (down from five in 1984) countries have an average annual population increase below 2.5 percent.

As is expected, low income semi-arid (sahel) countries have a lower average increase in population than lower
middle income countries that are mainly located in the equatorial rain forest. The latter, however, have average increases in population that are higher than those of upper middle income countries, some of which are also located in the equatorial region and in southern Africa. In essence, this means that at a very poor subsistence level population increases in Sub Saharan African countries move only slightly.

With improvements in the physical quality of life of the people populations begin to increase and, after a certain level of economic well being, the increases begin to taper off and to stabilize.

For some countries, however, the population growth is not as fast as the overall picture appears to portray. Sierra Leone, Uganda, Guinea Bissau, Burkina Faso, Mali, Guinea, and Mauritania have projected populations for 2025 below their 1992 levels. The rest of the countries in the region have projections indicating increases in population by that year. Such rapid growth in population size has economy-wide implications, such as the difficulty of raising gross national product per capita. As Clementi, et al. (1989) have suggested, "the relatively high population growth rates of Africa to the year 2000 would have economic and social implications for the continent and the world at large." At the domestic level this means that more food, housing, education, and jobs will be needed for the teeming
Table 3.1: Population Growth in Sub-Saharan Africa

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Notes: (a) Total population is in millions. (b) Projections for Ethiopia, Guinea, Somalia, Sudan, Congo, and Gabon based on census data or a demographic estimate 5 years or older. (c) No data reported for Angola and Zaire.

populations. For the international economic system, increases in population would result in increased commercial opportunities with the countries in the region. On the other hand, if population growth gets out of hand, it could lead to food crisis, environmental degradation, or other human disasters that would necessitate calls for foreign aid from the West.

**Dualistic economies.** Most African economies are historically dualistic, whereby the traditional economy co-exists alongside the more modern capitalistic economy, and usually with an exchange of energies between the two. This duality was generated by the colonial economic machine which subordinated the economies of the colonies to that of the colonizing country. The colonial economy tried to incorporate the colonies into the international capitalist system of the 19th century. This brought with it a monetary system based on metals that replaced the cowries and manillas used as a medium of exchange in the pre-colonial period. With the new monetary system as a medium of exchange, agricultural and mineral products from the colonies flowed, as raw materials to industries in the metropolitan countries. The local populations able to produce these agricultural products or work in the mines and industries in the cities became part of this modern sector of the colonial economy.
This development process, however, left out a large enclave, the rural satellite sector, that though inevitably part of the new monetary structure had no means of becoming involved in it. Thus was created the formal sector that ran along western economic lines and whose production was quantifiable and the informal subsistence sector whose production was not easily quantifiable, and never included in economic calculations because their products were not for export. Also lying in this peripheral informal sector were the surplus and usually cheap labor that could be drawn into the modern sector as needed, but have not been because of the lack of opportunity. This duality reached its apogee at the beginning of the 20th century, just before World War I. As one study has noted, at this time "Africa had become a permanent part of the world economy and its own local economies had been transformed into peripheral areas" (Clementi, et al., 1989).

In present day African economies there still remains this bifurcation between the rural sector and the modern sectors of the economy. That this second, marginal sector still exists, a fact some writers ignore or deny (Calchi-Novati 1989), is shown by its self-sufficiency in the periods that the formal sector was scaled back because of shifts in the world economy. This dualistic character is apparent in the day to day aspect of the African economy. This persistent economic duality is responsible for the
inequality in income distribution in African economies, and fuels rural-urban migration and, consequently, urbanization. While the informal sector in itself could be self-sufficient, it can no longer sustain the food demands of the sprawling cities as more and more people abandon farming in the villages and head for the cities.

This duality has created problems when western modelling techniques are used to study development in Sub-Saharan Africa. The informal sector was not built into the usually Keynesian demand type models of African economies of the late 1960s and early 1970s. The supply side of this sector was ignored completely. In my opinion, it is lamentable that the governments of Sub-Saharan Africa still have made no efforts to integrate this marginalized informal sector into the formal sector. Such an approach would make it possible to include production from this sector into the GDP.

Rapid Urbanization. Urbanization is a characteristic that needs to be factored into a political-economic analysis of Africa in order to understand the rate of development that is going on. Sub-Saharan Africa has a relatively under-developed urban structure. Various studies predict that although urbanization is not yet at that critical stage of sprawling concentrations that characterize the gigantic urban centers of many developing Asian and Latin American countries, there are visible signs of an inevitable urban
Urbanization in Sub Saharan Africa is moving at the fastest rate in the world (O’Connor 1983) and is likely to continue this trend for another half century (Ankerl 1982, Clementi, et al., 1989). Paul Harrison (1987) has reported that in Sub Saharan Africa, as in the rest of the developing world, the rural poor are voting with their feet, moving in large numbers towards the cities. Several reasons have been advanced by social scientists for this mass exodus. The essence of these arguments is also captured by Paul Harrison,

The majority are driven by the necessities of survival. The land cannot provide them with a job, so migration is like a plea for employment, a courageous expression of the willingness to work more than the poor soil or the unjust society of their home areas will allow them to. Migration is a symptom of rural poverty and of urban privilege. (Harrison 1987, p.139)

The urban population has more than doubled in about thirty years. As table 3.2 indicates, whereas only about 8.0 percent of the population lived in cities in 1960, about 34 percent lived in the urban areas by 1992 (Clementi, et al., 1989). Also, the average annual rate of urban population growth has increased from 4.6 percent between 1950 and 1970 to 5.2 percent between 1970 and 1985. By 1990 the average annual rate of growth had increased to almost 6.0 percent. It has somewhat moderated to 5.0 percent per annum by 1992 (World Development Report 1994). Still, this
figure is twice the world average (2.8 percent), and higher than the average for all developing countries put together (3.9 percent).

Considering that Africa is one of the least urbanized regions of the world, but has the fastest rate of urbanization, these trends raise several questions. First, when put in the context of Africa's level of economic development, the rate of urbanization poses a problem and constitutes a disruptive phenomenon for development.

Table 3.2: African Urbanization Ratios

<table>
<thead>
<tr>
<th>Region</th>
<th>As % of total Popn.</th>
<th>Average annual growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub Saharan Africa</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td>East Asia and Pacific</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>South Asia</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>Middle East N. Africa</td>
<td>35</td>
<td>41</td>
</tr>
<tr>
<td>Latin America and Carrib.</td>
<td>53</td>
<td>57</td>
</tr>
</tbody>
</table>

In order to meet the demands of the increasing population, massive adjustments have to be made to the structural facilities of the cities and the urban areas. This involves massive public expenditures on public utilities and infrastructure, and given that the rapid urbanization is proceeding at the same time as the decline in available resources, the run on resources for urban expenditure comes into conflict with outlays for other pressing areas of the economy. Each African nation is thus hard-pressed to decide on allocations of scarce resources among urban housing and development, food production, industrial development, human resource development, and welfare provision.

In African countries where the government is typically viewed as the provider of these facilities, a lack of attention by policy makers to any of the constituencies involved in these demands would be a prescription for political grievance and possibly for political violence. The problem becomes more onerous given that cities in Africa are not always well planned to take on additional development in case of a population surge. Most planning has been anything but comprehensive. As Mehretu (1989) reports, "the process of urbanization is not associated with social urbanization and increasing opportunities for development in the countryside."
In sum, urbanization still continues to accelerate and to attract the rural population out of their villages, thereby exacerbating the problem of the cities and their demands on the fragile African economies. In a recent analysis, Clementi et al. (1989) argue that the most balanced urbanization situations are, however, found where the increase in urban population is proportional to the growth in the total population. In Sub Saharan Africa, the Congo and Gambia represent this case, both of which in the late 1980s had an average population growth rate of about 4.5 percent and about a similar rate of increase in urbanization. In contrast, Eastern Africa has the fastest rate of urbanization, with Mozambique and Tanzania having about 8 percent rate of urbanization. Mauritania, in West Africa, was another outlier case that had an average rate of urbanization greater than 8 percent.

The question is what does this mean for the African economy? Unbalanced urbanization almost always leads to decline in living conditions, urban poverty, unemployment, speculative land values and rentier income, and inability to service urban facilities. These problems are very likely to further depress the economy of African countries.

Human resource development. In spite of the high population and the high level of urbanization, the human resource levels required for high levels of economic development have not been achieved by African countries. During colonialism,
senior executive and technical jobs in government were dominated by metropolitan expatriates. The commercial houses, transportation businesses, industries, and other infrastructural projects were also entirely owned and managed by Europeans. Africans were not trained for these jobs. Consequently, at independence there was an acute shortage of indigenous skilled labor and entrepreneurs and this adversely affected public administration, industrial development, income distribution, and cost of production.

The large population that has grown since then has not been turned into additional trained labor that could give greater output and higher productivity. As Gulhati (1987) reports, there are still prevalent shortages in human resource requirements in several parts of Sub Saharan Africa. This resulted in the acute lack of managerial capacity required for the efficient running of both the industrial and public sectors. Some countries have introduced accelerated programs of human resource development through increases in the available opportunities for formal schooling and training. School enrollment as a measure of the development of human resources indicates that for African countries the picture is still bleak. According to the World Development Report (1994), only 2 percent (only a one percent increase from 1970) of age group is enrolled in higher education throughout Sub Saharan Africa, compared to 8 percent for all developing countries.
The level of governmental expenditure on education (as a percent of the GDP) is another indicator of the efforts by African countries to improve their human resource. As reports by the World Bank (1984) indicate, expenditures on schooling claimed about 4 percent of the GDP in two-thirds of African countries for which data were available.

This figure has yet improved. From available data for twenty-two Sub-Saharan African countries reported by the World Bank, the average revenue commitment to education has increased to 6.4 percent of total central government expenditure. Of the recurrent expenditure for these countries, education claims between 25 and 35 of the total recurrent expenditure of the public sector. To add to these impressive 1982 figures, in about one-third of Sub-Saharan African countries about half of the children of school-age population attended school. The population of children attending secondary school was much lower -- an average of 15 percent. This number, too, continues to grow and by 1992 had reached 18 percent. The number of university places still falls short of the demand for trained managerial capacity and was only 2 percent in 1992.

The important point to be made from this discussion is that population ceases to be an asset when and if it cannot be gainfully employed in the first instance, and if in the long run it cannot positively contribute to society's well-being. The lack of a population policy, hampered by both
cultural and religious reasons, the absence of an articulated human resource development policy, and an unabated rural to urban migration seem very likely to continue to dampen the development prospects of Sub Saharan African countries. This is because with excessive population growth, whatever development gains made are promptly overtaken by further population growth. A typical example comes to mind. In 1975, Nigeria made elaborate plans for a free universal primary education (U.P.E.). By the time the program got off the ground, two times as many children as were planned for swamped the program. Part of the reason for the unprecedented number of children who were unplanned for was gross inaccuracies in the initial enumeration of school-age children and the explosion in the number of school age children that decision makers had paid scant or no attention. After five years of muddling through the program, the federal Nigerian government had no choice but to scrap it.

Foreign Indebtedness. Almost all Sub Saharan African countries are indebted to international creditors or to Western nations, notably the International Monetary Fund (I.M.F.), the World Bank, the Paris Club, and the London Club (The Clubs are a consortia of European banks that have come together in order to coordinate their international lending). Initially, loans were raised to meet current account and capital development needs. This was triggered
by recklessness in spending that had depleted much of the foreign exchange reserves of the countries handed down to them at independence.

Beginning in 1983, African indebtedness reached a crisis proportion. The situation in Africa is regarded as a crisis not because its total debt (about 10 percent of total developing country debt) is greater than that of any region. Rather, it raises an alarm because the ratio of Sub Saharan Africa’s debt to the gross domestic product (GDP) is quite high. As data from the World Debt Tables indicate, Africa owed $6 billion (U.S.) in 1970. By 1980, the debt size had reached $99 billion.

Even faster debt growth occurred over the next decade, and by 1987 the debt had risen astronomically to $186 billion. By the end of that decade, the region’s debt was roughly equal to its G.N.P. (Latin American debt is at 59 percent of G.N.P.) and three and a half times its export earnings. Long term debt has increased 19-fold since 1970 and the region now has the heaviest debt burden (World Bank 1989 p.20). Debt service, a measure of debt burden, by 1988 was 47 percent of exports of goods and services. Relative to other parts of the developing world, Africa’s debt is the fastest growing, especially during the 1980s. In spite of these characteristics, Sub Saharan Africa does not pose a threat to international banking. Nevertheless, Africa’s debt is unmitigated by the fact that about 50 percent of all
Table 3.3: Africa and World External Debt Ratios

<table>
<thead>
<tr>
<th>Regions</th>
<th>Debt as % of GNP</th>
<th>Debt as % of Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub Saharan Africa</td>
<td>28.6</td>
<td>80.3</td>
</tr>
<tr>
<td>East Asia and Pacific</td>
<td>16.9</td>
<td>24.9</td>
</tr>
<tr>
<td>South Asia</td>
<td>17.0</td>
<td>21.6</td>
</tr>
<tr>
<td>Europe and Cntrl Asia</td>
<td>24.3</td>
<td>41.0</td>
</tr>
<tr>
<td>MidEast and N. Africa</td>
<td>31.0</td>
<td>52.6</td>
</tr>
</tbody>
</table>


its debt is at the concessional rate, that is, it has at least a 20 percent grant component compared to 5 percent for highly industrialized countries.

Africa came to be so heavily indebted because in the face of declining export earnings, worsening terms of trade, persistent famine that bloated food imports, and official corruption, African countries borrowed heavily to finance development during this period. Whereas Africa’s total external debt is much lower than that of Asia and the West, it can be seen from table 3.3 that the debt-burden for Africa is much more onerous because of the level of poverty. The implication of such a high debt-burden, though for a smaller amount of debt, would be more devastating than for Asia and the western countries with higher debt amounts but
with greater levels of economic development. When the total debt is analyzed relative to two cardinal measures: total debt as a percent of GNP, and total debt service as a percent of export of goods and services, the debt-burden for Africa is shown to be unfavorable relative to the strength of the economies in the region.

The Lagos Plan of Action for the Economic Development of Africa, 1980-2000 (1981) sponsored by the O.A.U., contended that in order to minimize dependence from the outside, there would have to be initially "increased assistance from others as a prerequisite for eliminating such assistance altogether" (Browne, 1985). One must ask whether this has been the case. Has initial aid helped promote reduced external borrowing? As Ezeala-Harrison (1994) observes, "much of the borrowed resources have been set for consumption, and the establishment of projects with negative net present value." The borrowed funds are thus used to finance neither export manufactures nor staples, thereby exacerbating the problems that created the debt crisis in the first place. The outcome has been further indebtedness. This a dangerous trend for African political economy and, going by indications from the emerging African socio-economic variables, it would be fair to comment that these countries would be in no position soon to repay these debts.
Political Instability. This is perhaps the main problem that hampers the development efforts of Sub Saharan African countries, and thereby affects its political economy over time. The new nations of Africa at independence were a bundle of unwieldy and disparate ethnic groups that political leaders wanted to bring together as countries. The polities were trying to establish legitimacy and to persuade the governed to accept common rules for the resolution of political conflicts. In most cases the consent of the governed necessary to achieve this end was lacking. The political elite most often had no choice but to resort to coercion and force.

The former imperial powers used brute force to subjugate and establish their authority over these once separate, but small kingdoms. In the process of the administration of these colonies, direct force was also used to keep the colonials in line. This set the precedent for the post-independence civilian rulers and the military dictators that soon filled their places. Political repression and authoritarianism had a long pedigree extending to the pre-colonial times. It is within this context that the nationalism that these countries exhibited in the last days of the colonial period began to disintegrate. In order to establish their legitimacy the new leaders of necessity became nationalists. Nationalism thus became both an integrative and constructive force
available to a government whose legitimacy was in question and that was struggling to enlarge its political allegiance and break down parochial cleavages.

Within this context the state assumed a central role in the management of all aspects of the country's economic and political life. Some scholars in agreement with this position contend that "studies of the state in contemporary Africa...made the state famous for its omnipotence and pervasiveness in the political and economic lives of the population" (Nyang'oro 1989). This centrality of the state is also confirmed by Marenin (1987) who notes that "the state is everywhere. It controls, directs, and misdirects the economy."

Gunnar Myrdal's characterization of South Asian governments as "soft states" is now used to denote states that are unable to implement policies due to corruption and incompetence, and incompetence. Following on this, Bradshaw and Tshandu (1990) argue that "the soft state is especially harmful to development in Africa because the public (state) sector is centralized and extensive in those societies."

But given the nature of the political economy of Africa, the interventionist role of the state is sometimes seen as an advantage in that it protects the economy against foreign competition, while not shedding its softness.

The tendency to centralize authority and assume a direct role in running the economy is an attempt by the new
states to fight instability in their polities. Instability, with its centrifugal tendencies, forces the national leadership to impose itself on the nation in order to ensure the continuity of the state and enforce allegiance to it. This reinforced centralization was inevitable since the state had to assume the role of arbiter in organizing and distributing resources. This was exacerbated by the states' assumption at independence of ownership through nationalization of several key aspects of the economy.

In such unstable conditions, resources that would have been used for development purposes are spent keeping the country in one piece. Several studies have pointed out the negative association between political instability and economic growth that does not make for the growth of a viable economy (Venieris and Gupta 1983, Fosu 1992). Moreover, such conditions are not conducive for investment by foreign entrepreneurs. Political instability has been responsible for capital flight out of many African countries, thereby hampering their economic development. Cases abound in Africa where political instability has either impeded or retarded economic growth: Nigeria, Uganda, Ghana, Zaire, Liberia, Niger, Mali, Ethiopia, and Somalia.

Most Sub Saharan African governments have become ineffective due to the arrogance of authoritarianism and to and lack of vision. Their capacity to extract resources
from the society has diminished. The population has responded with alternative approaches for economic organization and for shaping their relationship with the regime outside the governmental structure, as in Ghana (Azarya and Chazan 1987). This led to the development of civil society -- political interest groups that have midwifed the second wave of democratization in Sub Saharan Africa. This has occurred through the reintroduction of the open market system, with an influential private sector and a more liberal polity forced on the authoritarian regimes by the enormity of economic decline in their countries. Many observers argue that there is now a resurgence of civil society as a result of the linkages between economic decay, marginalization, and rising debt (Ihonvbere 1994 and 1995, Baregu 1994, Herbst 1994, Iheduru 1994a). Thus the economic collapse that has taken place under a weakened authoritarian leadership has generated a demand for free enterprise approaches and economic openness as alternative economic arrangements. The demand is aimed at promoting economic initiative and growth at the non governmental level.

Conclusion

I have in this chapter discussed the historical evolution of the African political economy beginning with the pre-colonial times. I have also discussed the ways in which the current structure and performance of the economies in the region reflect this origin, and the implications of
the internal and cultural dynamics in the economic and political performance of Sub Saharan Africa. This discussion has outlined how the historical evolution of the African economies, their structures in the post-independence period, and their position in the international capitalist system affect their development potentials. These internal political and economic circumstances have conditioned the economic, financial (debt) and development crises that have called for structural adjustment in the area. Structural adjustment reforms propose to rationalize the African economies and help them to overcome their problems in economic development.

In discussing the interface of markets and politics in Africa, I have argued that when organizations which are politically relevant are released to interact in the political market place they strive to ensure that their interests are protected. By each group seeking access to policy makers, the system is forced to remain open and responsive. Policy makers thus need the consent of the governed to give legitimacy to their actions. Thus the choices of economic interest groups would subsequently translate into the choices of political interest groups for authoritative allocations of resources to be made. This pluralistic approach is bound to re-shape the political behavior, and consequently the political economy of Africa.
There is considerable theoretical support for this argument. Rothchild's (1995 p.208) position summarizes it well: "democracy when buttressed by communitywide norms and values, can sustain a healthy dialogue and encourage inclusiveness and state responsiveness." I have argued that, on maturity, civil society in African polities will be characterized by the compromise, coalition and consensus-building, and deliberation which are essential norms of democracy. Moreover, civil society should be able to force political liberalization and eventually democratic consolidation in Africa.
The central argument in the classical and neo-liberal approaches to development is that structural changes lead to economic growth. There is believed to be, in each case, an increase in per capita income with either additional capital infusion into the economy (the classical approach), or the liberalization of the economy (the neo-liberal approach). Structural adjustment, in both approaches, is likely to result in economic growth indicated by per capita income. Liberalization thus might lead to the creation of free markets. Democracy and free markets are argued to reinforce each other. Some scholars have even suggested that "they are often seen as virtually identical" and that "capitalist development will bring about political freedom and democratic participation in government" (Rueschmeyer, Stephens, and Stephens 1992, p.1). Waisman (1992, p.142) explores this relationship between capitalism and democracy and concludes that this relationship is mediated by the strength of markets, maintaining that "a market economy once institutionalized is conducive to liberal democracy."

Structural adjustment as a process of depoliticizing and strengthening the economy is expected to lead to both development and democratization.
How does democratization come about in this case? Economic liberalization disperses the centers of decision making in both the economic and political arenas. Economic decisions are made in the market place by the interaction of the forces of demand and supply rather than by public officials. Resources are thus allocated to the areas where they are most optimal.

The implication of marketization is that it should lead to the emergence of economic interest groups. These groups may organize and articulate issues depending on how the structural changes introduced into the economy affect them. A group might try to change public policy to its advantage to the extent that the existing policy is hurtful to its interests. Chazan (1988, p.130) has reported "a deeply democratic tradition ensconced in local political cultures" in Ghana. From this tradition emerged "alternative institutions and patterns of interactions" outside of formal structures, when access to the center was denied. This formed the beginning of an autonomous civil society that subsequently laid the foundation for democratic transition in 1992. In essence, the multiplication of interest groups facilitates the dispersal of political power and provides pressure for access by groups to affect public policy -- a situation that would not be present without restructuring. Structural adjustment thus has a transformational effect on society, such that otherwise weak and loose groups possibly
become empowered enough to seek political advantages.

One of the tenets of democracy is the possibility that interest groups be free to organize and to espouse whatever interests and policies they want. Along this line, I explore the relative independence of economic and other interest groups to organize in order to promote their interests. If in a polity I find that interest groups are free to organize to promote their interests, and can do so unencumbered, to that extent I would argue that structural adjustment policies do lead to political liberalization.

The implementation of structural adjustment also produces unintended consequences. The optimal allocation of resources by the market, which is the goal of the policy, precludes state intervention in the economy. What happens is that those who are adversely affected by the restructuring policy are left to manage for themselves. Structural adjustment, thus produces "losers" and "gainers" (Bangura 1992, Bangura and Gibbon 1992, and Chazan 1988b). In order to understand the political dynamics of restructuring countries it would be best to investigate who the gainers and the losers are; how the various groups lose and gain under prevailing policy environments and how they are likely to benefit or be burdened as a result of a shift in development strategies (Grosh 1995).

The immediate post-colonial political class, merchants, and the top military become the losers after the state
economic structure, an apparatus that immensely benefitted
them, is dismantled by structural adjustment. Also affected
are public servants who form a large bulk of the formal
sector and wield considerable bureaucratic authority in
decision making. These groups are sensitive to any decline
in the quality of their living standard. This is likely to
create an elite crisis or political unrest. These groups
will either fight back in order to retain the old ways
favorable to them or join new groups to press for favorable
changes in resource allocation. In some cases, the dual
connections of the groups to both the state and the economy
provide an opportunity for them to use the enormous
resources previously accumulated under the aegis of the
state to influence the restructuring process and the
operation of the market.

The greater losers under structural adjustment,
however, are likely to be peasants, teachers, students, the
urban underclass, and similar groups. These disaffected
groups are likely to form the basis for a "pro-democracy
activism" (Kohli 1993, p.673) and thus provide a means of
recruitment from below into the political system. The
emergence of autonomous groups representing such interests
and their consequent interaction would most likely lead to
the strengthening of civil society and thus shape state-
society relations in the direction of group involvement in
public policy making.
Interest groups emerging from a restructuring economy always try to push agendas favorable to their interests. In so doing, they attempt to limit state power and thus force the current political elite to accept a pluralistic approach to public policy making. Through structural adjustment policies like privatization and commercialization, power is taken away from the political elite to the marketplace, thereby diminishing its unchallenged rulership. Governmental power in Sub-Saharan Africa is essentially centered on resource distribution. Governments would be expected to rely on the support of the expanded interest groups to govern as long as economic and political resources are diffused to viable interest groups. The relevance of this situation is aptly captured by Vanhanen (1990) in his observation that,

> When circumstances are such that important power resources are widely distributed among competing groups, it is reasonable to expect the emergence of political structures reflecting the sharing of power among the many, whereas the concentration of those resources can lead to the concentration of political power (Vanhanen 1990, p.50).

Thus, contrary to Diamond's (1988a) argument for the development of a "more authentic and autonomous bourgeoisie" to promote democracy, the adoption of policies of structural adjustment will over time promote democratization because of the distributive outcomes of adjustment. Evidence from research on the link between economic evaluations of the government and political change in advanced industrial
nations suggests that deteriorating economic conditions lead to elite and mass support for political and economic change (Clarke 1991, Lewis-Beck 1988). In the Sub Saharan African case, worsening economic conditions -- rather than aggregate increases in gross national product -- are more likely to facilitate political liberalization.

In summary and in order to help clarify the models and hypotheses to be tested, I ask a number of questions: Did the infusion of foreign capital into the economies of African countries stimulate economic growth between 1980 and 1991? Did African countries become more democratic as a result of the implementation of structural adjustment policies? Did the implementation of the structural adjustment policies influence the emergence of autonomous groups aggregated into a strong civil society? Has civil society in the African context played any role in the political liberalization of their countries' polities? And lastly, are there variations in levels of democratization in the Sub Saharan African region? These questions are meant to tease out the relationships in the variables drawn from the survey of the literature. Before discussing these variables, however, I will model the approaches from the literature.

Derived Hypotheses and Models
Classical Theory, Economic Development, and Democracy

The classical approach to development contends that increases in financial capital investments lead to economic development. This means that there is a relationship between structural change and economic development (Rostow 1963, Kuznets 1968, Lewis 1954). A number of studies have also indicated that economic growth leads to democracy. Since Lipset (1960) pioneered the study of this relationship, it has been consistently confirmed by other studies (Cutwright 1963, Smith 1969, Bollen and Jackman 1985). The model from the hypothesized relationship of the classical approach would be as in Figure 4.1 below:

Figure 4.1: Relationship among Capital, Economic Development, and, Democracy

Equations derived:
\[ X_2 = a + b_1X_1 + e \]
\[ Y_1 = a + b_1X_1 + b_2X_2 + e \]

The classical approach, however, ignores the element of civil society. Civil society is an important variable that affects the pattern of interaction of the political
variables in the model, as represented by Figure 4.2 below:

Figure 4.2: Relationship Among Capital, Economic Development, Civil Society, and Democracy

![Diagram](image)

Equation derived:

\[
x_2 = a + b_1 x_1 + e \\
x_3 = a + b_1 x_1 + b_2 x_2 + e \\
Y_1 = a + b_1 x_1 + b_2 x_2 + b_3 x_3 + e
\]

Civil society is measured as the number of politically aware and relevant non-governmental organizations that are allowed access to, and that do influence public policy in the political system. This influence may be centered around a single issue or a wide range of public issues. To qualify for inclusion, a civil society association and its activity must be autonomous from the state.

There was difficulty in identifying these groups in Africa. Data on them are not immediately available because many operate underground. Where they operate in the open they do so under the cover of some professional association which also complicates the counting process. I therefore
adopt a surrogate measure. I used the Ted Gurr (1990) Polity II dataset measure of transitional participation which measures the level of transitional participation by non governmental organizations in the political system.

Democracy is here defined as the extent to which constitutional power is concentrated on elected officials through periodic legitimizing elections (Vanhanen 1990). The Index of Democratization measures democratization and is a country’s cumulative score on the degree of participation, and competitiveness of elections within a particular time period. Drawing upon the classical theory, then, one may hypothesize that:

$H_1$: Foreign capital penetration into a country will have a positive relationship to economic growth.

$H_2$: The higher the level of economic growth of a country, the greater the level of democratization.

$H_3$: Countries with higher levels of economic growth will have greater levels of political participation by civil society.

$H_4$: Countries with greater civil society participation will have higher levels of democratization.

I argue here that changes in the factors of production lead to changes in the rate of production. Structural changes involve a rearrangement in the organization of the economy and in the direction of factor allocation. So, as more external capital is infused into the economy more growth is likely to result. As the gross national product
per capita (the measure of economic growth) rises, socio-economic variables become prominent in influencing democratization. The more educated and urbanized the population, the more likely they are to belong to politically-aware interest groups and, consequently, to influence the political process. The structural equation indicated in these relationships would be as follows:

\[ Y = a + b_1 x_1 + b_2 x_2 + b_3 x_3 + e \]

where \( Y \) = the dependent variable, the democracy index; \( a \) = the constant, and \( x_1, x_2 \) and \( x_3 \) are capital, gross national product per capita, and civil society respectively, and \( e \) is the error term.

Table 4.1: Summary of Operationalized Measures for Classical Development Hypotheses with Variable Names:

<table>
<thead>
<tr>
<th>Capital</th>
<th>= (DBTDEP) measured as long term external debt which is the sum of all long term public debt and public guaranteed debt. (LNTEXD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development</td>
<td>= (PGINC) This is the yearly percentage change in a country's gross national product per capita. (GNP/PC)</td>
</tr>
<tr>
<td>Democracy</td>
<td>= (VANHDEMO) Democracy score on Vanhanen's Index of Democratization (I.D.). (VANHDEMO)</td>
</tr>
</tbody>
</table>

In addition to the postulations of the classical
approach, there is need to incorporate the civil society variable as a factor that fosters democracy. Gibbon (1992, p.166) reports that in Ghana and Zambia initiatives for democratization came from below, that is, the society itself arguing that "political domination is subject to modification...through the existence of civil society."
Since according to this postulation, capital is derivable from domestic sources, the structural adjustment component of the equation is inapplicable to the classical approach.

Dependency, Capital, Economic Development, Civil Society, and Democracy

The dependency model postulates a bifurcated approach in the explanation of the relationship between economic development and democracy. The classical dependency approach argues that foreign investments are detrimental to the economies of developing countries and do not lead to democratization. The dependent-development approach contends, on the other hand, that foreign capital may be beneficial to development but have deleterious implications for limiting democratic development. The models derivable from these approaches are represented in Figure 4.3 below.
Figure 4.3: Relationship Among Capital, Economic Development, and Democracy*

i. Classical Dependency

ii. Dependent-Development

* Note the differences in the signs of the outcomes of capital investment.

Equation derived for each:

\[ x_2 = a + b_1x_1 + e \]

\[ Y_1 = a + b_1x_1 + b_2x_2 + e \]

Both models of dependency ignore the impact of other social variables in fostering democracy. When the impact of structural adjustment and civil society are added into the dependent development dependency model, the process of democratization is likely to be different. Figure 4.4 represents the new model with structural adjustment integrated into it:
Equation derived from model as follows:

\[ x_2 = a + b_1 x_1 + b_3 x_5 + b + e \]
\[ x_5 = a + b_2 x_1 + e \]
\[ x_3 = a + b_1 x_1 + b_2 x_2 + e \]
\[ x_4 = a + b_3 x_3 + b_5 x_5 + e \]
\[ x_4 = a + b_4 x_4 + b_5 x_5 + e \]
\[ Y_1 = a - b_2 x_1 + b_3 x_2 + b_4 x_3 + b_5 x_4 + b_6 x_5 + e \]

In this regard, I hypothesize that:

\( H_5 \): The greater the amount of foreign capital that a country receives, the higher the level of economic growth.

\( H_6 \): The greater the level of foreign capital penetration into a country, the higher the intensity of structural adjustment.

\( H_7 \): There is an inverse relationship between increases in foreign capital penetration into a country and the level of democratization.

\( H_8 \): Countries undergoing structural adjustment will have higher levels of democratization.
H₂: The higher the intensity of structural adjustment the greater the level of civil society participation in a country.

The following structural equation will be used to test the hypothesized relationships:

\[ Y_i = a + b_1 x_1 + b_2 x_2 + b_3 x_3 + b_4 x_4 + b_5 x_5 + e \]

where \( Y_i \) = democracy index; \( a \) = the constant, and \( x_1-x_5 \) = the independent variables, foreign capital, economic development (growth in gross national product per capita), civil society, and structural adjustment, and \( e \) = the error term.

The summary of variables for these hypothesized relationships is shown in Table 4.2:

<table>
<thead>
<tr>
<th>Economic Development:</th>
<th>(PGINC) This is the yearly percentage change in the gross national product per capita.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital:</td>
<td>(DEBTDEP) This is measured as the long term external public debt, and public guaranteed long term debt.</td>
</tr>
<tr>
<td>Debt Service:</td>
<td>(DEBTBUR) This indicates the intensity of structural Adjustment measured as debt service (including amortization and interest payment in foreign currency).</td>
</tr>
</tbody>
</table>
Democracy:  
(VANHDEMO) This is a country’s democracy score on Vanhanen’s Index of Democratization (I.D.).

Structural Adjustment:  
(SDRLOAN). This is total loan disbursements to African countries through the Special Drawing Rights (SDRs) fund.

Civil Society:  
(FREEPART) This is the participation index for civil societies in a country. This is a surrogate measure for the number of non governmental organizations.

As has been argued by the classical dependency perspective, the greater the levels of foreign capital penetration into a nation the more the likelihood of deterioration in the economic and democratic fortunes of the country. Dependent development, on the other hand, argues that capital infusion will lead to economic growth but not to democratization. Since the dependent development approach holds out some hope for economic growth and a dim probability of democratization, I explored the validity of this theoretical perspective in the African context. This is important because most African countries are substantially foreign capital dependent and it would be interesting to investigate the ways in which foreign capital penetration and its concomitant conditions have affected democratization.

The structural adjustment variable measures how much the International Monetary Fund, through its structural adjustment facility (S.A.F.) is able to provide funds on concessional terms to support "medium term macroeconomic
adjustment and structural reforms in low income countries facing protracted balance of payment problems."

Debt burden is aimed at measuring the intensity of structural adjustment, that is to say the level of pressure mounted on a country to meet its debt obligations. Since this must be made in foreign currency, the higher the level of exports relative to debt, the lower the debt burden.

Neoliberalism, Structural Adjustment, Civil Society, and Democracy

Neoliberalism argues that developing countries’ linkage with developed countries is beneficial to the economic development of the former. Capital investments, technology, and skilled human resource are transferred through free trade relations to the developing nations (Cusack and Ward 1981). According to this approach, domestic structures in Third World countries act as an impediment to proper functioning of the economy and thus have to be rationalized through structural adjustment programs. The neoliberal model maintains that foreign capital penetration accompanied by economic restructuring will lead to economic growth and subsequently to democracy. The model that proceeds from this theoretical perspective is indicated in Figure 4.5:
The structural equation for the model is derived as follows:

\[ X_2 = a + b_1 x_1 + e \]
\[ Y_1 = a + b_2 x_1 + b_3 x_2 + e \]

The neoliberal model most often incorporates measures for assessing economic growth alone without consideration for the political consequences of structural adjustment. As a result of this, it ignores a host of mediating variables and the possibility of socio-economic interventions that affect the eventual outcomes of political interactions. When the effects of structural adjustment as well as that of unanticipated consequences such as debt burden and civil society, are incorporated into the neoliberal model, the relationships change. A restructuring polity is therefore bound to experience changes not only in the pattern of its economic activities but also in its socio-political settings. The structure of the political institutions are altered by the new structural arrangements and they begin to experience change. Groups are affected one way or the other and their reactions to the changes has telling implications on the political governance of the state and the outcomes of
the reforms themselves. These changes are modelled as in Figure 4.6.

Figure 4.6: Relationship Among Capital, Economic Development, Structural Adjustment, Civil Society, Trade Liberalization, and Democracy

The structural equation for individual and overall relationships are as follows:

\[ X_1 = a + b_1x_1 + e \]
\[ x_2 = a + b_2x_1 + e \]
\[ x_3 = a + b_3x_1 + b_3x_3 + e \]
\[ x_4 = a + b_4x_1 + b_4x_3 + b_4x_6 + e \]
\[ x_5 = a + b_5x_1 + b_5x_3 + b_5x_4 + b_5x_6 + e \]
\[ Y_1 = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + b_6x_6 + e \]
As indicated in the literature, structural adjustment produces losers and gainers. The losers might resort to unconventional political participation leading to political unrest. This option is usually not available and even when it is, it is rarely used because structural adjustment in Africa is usually carried out under repressive regimes. If the system provides the losers access to the policy process, they may likely influence the system directly through formal channels of participation. In this case, the participation of the many in the society, through the civil society organizations becomes widespread and would eventually lead to political liberalization. For the neo-liberal model then, I hypothesize, regarding the effects of foreign capital and structural adjustment on economic growth, and subsequently on democracy, as follows:

\( H_{10} \): Countries experiencing higher levels of foreign capital influx will have higher levels of economic growth.

\( H_{11} \): Countries with higher levels of structural adjustment implementation will have higher levels of economic growth.

\( H_{12} \): Countries with higher levels of economic growth will have higher levels of democracy.

\( H_{13} \): Countries with higher levels of economic growth will have greater numbers of political parties.

\( H_{14} \): Countries experiencing economic structural adjustment will have greater number of civil society groups.

\( H_{15} \): Countries with higher levels of structural adjustment implementation will experience greater levels of political participation.

\( H_{16} \): Countries with more civil society activity are more
likely to be democratic.

In order to test these hypothesized relationships, I specify a structural model thus:

\[ Y_1 = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + b_6x_6 + e \]

The dependent variable \( Y_1 \) is the level of democratization. The independent variables indicated as \( X' \)s in the model represent respectively capital, structural adjustment, economic growth, debt service, institutional change, civil society, and \( e \) is the error term. The summary of variables for the neoliberal hypotheses is listed in Table 4.3.

<table>
<thead>
<tr>
<th>Democracy:</th>
<th>(VANHDEMO) This is a country’s democracy score on the Vanhanen Index of Democratization.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital:</td>
<td>(DEBTDEP) This is measured as the long term public debt and public guaranteed long term debt.</td>
</tr>
<tr>
<td>Economic Development:</td>
<td>(GNP/PC) This is the yearly percentage change in the gross national product per capita.</td>
</tr>
<tr>
<td>Loan Disbursements:</td>
<td>(SDRLOAN) Total loan disbursements by the International Monetary Fund to each African country through the Special Drawing Rights (SDRs) fund as a percentage of the GNP.</td>
</tr>
</tbody>
</table>
Trade Liberalization: (LIBTRAD) This is the change in the share exports of goods and service in the gross domestic product of a country. Changes in the level of exports indicate that structural certain conditionalities are being implemented.

Civil Society: (FREEPART) This is the level of freedom of participation of civil society in the political system.

As stated above, the main objective of this study is to establish, as best as possible, the relationship between structural adjustment and democratization and thereby extend and test the original Lipset thesis of a nexus between growth (development) and democracy. How then do these models relate to democratization? My argument is that the evolution of a strong civil society made up of autonomous associations would in the long run increase the pluralistic base of decision making in African countries. In a restructuring economy, these groups are usually recruited from the economically disaffected who may organize and articulate their positions to alter policies detrimental to their interests. The ability of these groups to freely organize, participate and compete in policy setting would result in their ability to curtail the powers of the political elite. It could also indicate that these groups enjoy political and civil liberties that undergird such participation and competition. Groups that benefit from the system are also most likely to organize to protect the
status quo that guarantees their interests.

Political interest groups activity, as many definitions of democracy acknowledge, acts as an indicator of the degree of popular participation and party competition for the control of the political system. The link between structural adjustment and democracy emerges therefore when political interest groups compelled by the need to promote economic interests imperiled by structural adjustment policies organize to either limit their losses under structural adjustment or to eliminate the policies detrimental to their interests. It should be pointed out that the initial reactions to losses resulting from structural adjustment are likely, in the short run, to lead to political unrest but, in the long run, to a more conventional form of political participation through a politically aware civil society. Routinization of potentially violent behavior takes effect as channels for formal participation become available to the groups in the political system.

A Model of Intervening Variables

The various studies that have explored the Lipset hypothesis appear to draw a direct relationship between economic growth and democracy, thereby ignoring mediating factors that lead to democratization. To fully account for the implications of structural adjustment on democratization
in Africa, it is important that intervening variables, previously unaccounted for in these analyses, like civil society, be modelled and incorporated into the discussion.

The physical quality of life of the population is one such variable. The implementation of structural adjustment policies usually results in the removal of subsidies to social programs, among other things. This means that the menu of social programs available to the society will be reduced in both size and quality. Health care, education, public transportation, and other specialized programs are cut to achieve restructuring objectives. This reduction in services is likely to affect the citizens’ perception of governmental performance. The relative feeling of deprivation that results might create considerable disaffection to a citizenry already bruised by inflation and high cost of living as a result of structural adjustment. People so affected become potential candidates for recruitment into civil society associations as they disengage from the formal state sector.

Another factor that impacts the association between structural adjustment and political liberalization is the level of education of the citizens. Usually, the level of education is indicated by the ratio of primary school enrollment as a percentage of the total school age population in a country. Higher levels of education suggest higher gross national product per capita and a likelihood of
support for democratic reforms. The model for these two variables would be as in Figure 4.7:

Figure 4.7: Relationship Among Capital, Economic Development, Education, Physical Quality of Life, and Democracy

The structural equation from the above would be:

\[ x_2 = a + b_1 x_1 + e \]
\[ x_6 = a + b_1 x_1 + b_2 x_2 + e \]
\[ x_7 = a + b_1 x_1 + b_2 x_2 + e \]
\[ x_8 = a + b_1 x_1 + b_2 x_2 + e \]
\[ x_9 = a + b_1 x_1 + b_2 x_7 \]
\[ Y_1 = a + b_2 x_1 + b_3 x_7 + b_4 x_8 + b_5 x_9 + e \]

In line with the above discussion and the relationships indicated, I hypothesize that:

H_{17}: The greater the levels of economic growth in a country, the higher the educational attainment and physical quality of life of the population.
The higher the educational attainment by the population, the higher the level of democracy.

The higher the physical quality of life of a population, the greater the level of democracy.

The two variables hereby introduced into the analysis are listed in Table 4.4:

### Table 4.4: Summary of Operationalized Measures for the Intervening Hypotheses with Variable Names

**Physical Quality of life:** PQLI is measured with three separate indicators thus:

**Education Attainment:** (PRYENR) Gross enrolment ratio of all ages at primary school level as a percentage of children in the country’s primary school age group (EDUC).

**Life Expectancy:** at birth. (LIFEXP) The number of years a newborn infant would expect to live if prevailing patterns of mortality for all people at the time of its birth remain constant for the entire life span.

**Trade Liberalization:** (TRADELIB) The second indicator of structural adjustment, it is measured as the changes in the share of exports of goods and services in the gross domestic product.

**Variables and their Measures**

**Dependent Variable**

The dependent variable here is democratization, or political liberalization. This follows Huntington (1991,
As a continuous variable (accounting for levels of change), it makes it possible to measure the extent to which each of the countries under study is democratizing within a particular period of time. Measures of democracy abound in the literature (Banks 1991, Gastil 1988, and Taylor and Jodice 1983).

Following Diamond et al. (1988) and Vanhanen (1990), I shall employ those indicators that highlight the element of "popular control" within a democracy such as competitiveness, political participation, and the availability of political and civil rights.

Vanhanen (1990) makes an interesting case for using the Index of Democratization (I.D.), to tap power distribution. This position argues that the use of political power is "constitutionally concentrated" in governmental institutions through elected officials. This power ultimately resides in the electorate who exercise it through the ballot box, and thus confer legitimacy at elections. To obtain the I.D., comprising competition and participation, the values of participation -- measured as percentage of total population who actually voted in an election -- are multiplied by competition, measured as "votes won by small parties as a percentage of the largest parties' votes" cast in a parliamentary or presidential election. Both variables are weighted equally, then multiplied.

The I.D. gets high values only if the values of both
basic variables are high. A low value on either would result in the atrophy of democratization. When power distribution is not based on elections, the I.D. would equal zero and remains so until a new election is held -- even if the parliament/national assembly had been elected but not the president. The same obtains when one party garners all the vote.

The I.D. assumes that civil and political rights exist in the political system that allow various groups to freely take part in the electoral process. These liberties were not used to calculate I.D. because they would positively correlate with competition as "legal competition would not be possible without civil and political liberties" (Vanhanen 1990).

**Independent Variables.**

**Economic Development.** Following other quantitative cross national studies, GNP per capita is used as a measure of economic growth. Most other studies that use the 'development' term instead of "growth" employ the same measure as this. In order to capture the true variation in the time series for these countries, I employed the Poe and Tate (1994) construction of 'yearly percentage change in the gross national product per capita' derived from Vanhanen's (1990) dataset.

**Structural Adjustment.** There are two indicators of structural adjustment. These indicators are drawn from the
conditionalities that are usually given to the restructuring countries as a condition for loan agreements and disbursement.

(i) Loan Disbursement: The first of these is loan disbursement in Special Drawing rights from the I.M.F. fund for structural adjustment. This fund is the so called structural adjustment facility (S.A.F) and the extended structural adjustment facility (E.S.A.F.). This is measured as the total loan disbursement to an African country from the international Monetary Fund’s Special Drawing Rights (SDR) fund facility in any year for the 12 time points, as a percentage of its gross national income. This is a strong measure of this variable because the extent to which a country must restructure the economy to reverse its balance of payment difficulties is taken into account in designing the structural adjustment packet. Moreover, within this arrangement are predicated further disbursements of structural adjustment facility loans. The more the economy is restructured the more loans a country qualifies to draw and this is relative to the strength of that economy. The exception here is Nigeria, which is restructuring but does not draw from this fund.

(ii). Trade liberalization: While loan disbursement is an acknowledgement that a country is on the path to structural adjustment or has made considerable progress in economic reforms aimed at restructuring the economy, trade
liberalization on the other hand is one of the conditions set down by the international financial institutions that any country wanting their assistance with economic reforms must undertake in order to qualify. By way of trade liberalization a country must remove import tariffs, deregulate its import licensing process, remove subsidies usually given to import industries, and devalue its currency.

In order to measure trade liberalization I employ the volume of goods and non factor services exported between present and previous years. The devaluation of the currency and the other actions stipulated by the IFIs are intended to raise the value of local exports, thereby stimulating export-oriented production and making these products attractive in the world market. That is to say that they stimulate changes in the "relative prices of domestic traded goods towards international price levels" (Kirkpatrick and Weiss 1995).

The stimulating impact of domestic price shifts alters the mix of factors and pushes them towards producing those goods that maximally benefit from the pull of international price levels. Therefore the measure of this variable as exports as a share of the gross domestic product captures the changes in production that structural adjustment engenders. The more the change in exports as a percentage of the GDP, the more indicative this is of progressive
structural adjustment implementation. This variable includes all the countries in the study, unlike loan disbursement, which comprises only those countries drawing from the special funds. Also, some countries do not draw from the fund but have their own home grown structural adjustment, for example Nigeria and Tanzania.

**Capital/Debt.** Capital is operationalized as the total foreign public debt and publicly guaranteed public debt as a percentage of the GNP. This measure is used, not total debt, because the latter includes private debt and other I.M.F. credits that are unrelated to structural adjustment.

By dividing with the total GNP, the measure is standardized for each year across all time points. This is a more viable measure than debt service because the latter estimates the volume of exports relative to the size of the debt (see Bradshaw and Tshandu 1990). Total external public debt as a percentage of the GNP directly determines what ratio of the total output of goods and services is due to external capital and is thus a better measure of debt dependence.

**Debt Service.** Debt service is operationalized as debt burden because it sums up the repayments of capital (amortization) and accrued interest on total external public debt. It is one of several measures used to assess a country's ability to service its debt in foreign currencies, goods, or services in order to deserve further funding to solve its
balance of payment problems. If debt service is greater than exports, this would mean that there are no savings for domestic development. The higher the debt service relative to the amount of debt, the less the savings to apply to development. The amount of pressure mounted on a country to service its debt is thus an indication of the macroeconomic performance of the local economy. When an economy is able to generate enough exports to service its debt, its image with its creditors is good. What this does not tell us, however, is how ability to service debt indicates a growth in the domestic economy. This is especially important considering that most countries in Africa today expend as much as 75 percent or more of their export earnings to service foreign debts. Rather than indicate economic growth as some scholars imply when this measure is used to tap foreign capital flow, it indicates the outflow of resources which obviously is negative to growth.

**Education:** The measure of educational attainment of the population is the percentage of the primary school age children actually in school as a percentage of the total in that category. This is a much stronger measure than adult literacy rate because adult literacy once acquired has little variability, whereas, this measure is variable and reflects impacts on structural adjustment, economic growth and democratization over time. Moreover, data on the adult literacy rate in Africa is much less reliable than primary
school enrollment, because once people are past school age it always difficult for them to acquire more literacy. This variable can thus offer an education measure that is sensitive to the impact of adjustment on the society. Increases in the amount of wealth available to the population might be a deciding factor in whether a child goes to school or not (see Anusionwu 1980), because relatively current and total expenditure on education is associated with primary school enrollment.

Life expectancy at birth. This is used as an impact variable, along with education of the extent to which basic needs are being met under adjustment. Though the amount of wealth available in a country affects the physical quality of life, controlling this factor would inform us as to the impact of adjustment on measures of physical quality of life. Life expectancy is particularly sensitive to this measure.

Civil Society. This is measured as the number of autonomous non-governmental organizations acting as political interest groups that attempt to influence the political process and political outcomes. Three choices are open in obtaining comparable national data over time on this variable. The first would be to tally the number of interest groups (labor unions, religious organizations, student unions, professional associations, and business clubs) that emerge in each country after the implementation of structural
adjustment commences. A second would be to use political parties as a surrogate measure for interest groups, arguing that the political parties that eventually emerge onto the political scene after political participation is eased up in repressive African regimes, were essentially underground associations that belong to civil society. But this measure would then be flawed because the basic characteristic of civil society is that it be a separate entity and operate outside the purview of the state. Using political parties would thus invalidate our measure and yield the wrong estimates when used in an equation measuring democratization.

The third choice, following Gurr (1990), is to measure civil society indirectly as the regulation of participation of political associations "outside government" by unelected "factions" and by the ways in which the regime limits its scope. As Gurr argues, this coding allows one "to characterize transitions to and from uninstitutionalized participation and between factional and institutionalized participation."

In the process of fitting the statistical model, the configuration of this measure was reversed to make for ease of analysis and interpretation. The new configuration measured freedom in participation of civil society. This measure is different from the Vanhanen Index of Democratization which is made up of actual votes of within
government political parties shares' of the votes cast at an election and therefore would not lead to any multicollinearity problems when used in an analysis. The measure adopted here indicates the existence of transitional factions or associational groups of civil society. The more the participation by non-governmental organization the more it could be argued that the political system is liberalizing. As the demand for more political participation rises, governments would have no choice but to remove further obstacles in the way of civil society. Civil society operating either in the underground or in the open seems is thus almost certain to help weaken the stranglehold of the authoritarian regime on the political system. The participation of civil society would, therefore, ultimately lead to democratization.
CHAPTER 5
DATA ANALYSIS AND INTERPRETATION

This analysis attempts to answer the empirical question of the association between structural adjustment of the economies of the states of Sub Saharan Africa and the liberalization of their political systems. Lipset (1960) had posited that democracy is correlated with economic development (specifically economic growth). That is to say, as a country's stock of wealth increases, its likelihood of sustaining democracy also increases. In the light of the neoliberal argument that structural adjustment would lead to economic growth, there is a need to examine whether the Lipset thesis is applicable to, and operates in restructuring economies. That is to say, whether structural adjustment programs lead to economic growth and, in turn, whether economic growth galvanizes institutional changes that result in democratization.

Previous studies suggest that neoliberal structural adjustment has to precede economic. This, it is argued, will eliminate or diminish the debilitating factors that constrain the Sub Saharan African economies and which are more or less responsible for their poor macro-economic performance. Structural changes, where successfully implemented, are hypothesized to lead to economic growth.
Economic changes, as hypothesized, should cause political changes in the authority dimensions of the state. Changes in the distribution of power in the state are expected also to lead to participation by the civil society associations that are the hypothesized outcomes of adjustment.

Structural adjustment programs as designed by economists and bureaucrats seldom anticipate the domestic consequences of rapid socioeconomic change and their implications for democratic growth because they are not, economic policy matters, per se. The relationship between structural adjustment and democratization can therefore at best be indirect -- structural adjustment acting through economic growth stimulates the changes that result in democratization.

Evidently then, structural adjustment may, as the earlier discussions suggest, have several important effects on politics. This chapter explores such effects. For instance, it examines the indirect relationship between structural adjustment and democratization, and how this relationship is mediated by economic changes. This study will replicate earlier studies that have found a significant positive relationship between economic growth and democracy, as well as attempt to demonstrate this indirect effect of structural adjustment on democratization.

The novelty of the work done here thus consists not only in exploring the very important relationship between
structural adjustment and economic growth in Sub Saharan Africa, but also the links between economic growth and democracy. Several studies influenced by the Lipset thesis have consistently found a statistically significant positive relationship between the two concepts (Diamond 1992, Huntington 1991, Lipset 1983, Cutright 1963). I argue that the important link between these two areas of development is civil society. So I here explore how certain economic factors arising out of structural adjustment propel the evolution of civil society.

Specifically, the fundamental questions that have been posed by the study are: Have African countries developed economically since their economies were subjected to structural adjustment? Have resulting economic changes affected the dynamics of social formation in these countries aimed at influencing the policies of the government in power? Consequently, in what ways has structural adjustment affected democratization? The impact of structural adjustment being indirect, we have to trace its origin in the changes wrought by structural adjustment on economic growth through a tri-stepped process of statistical modeling and analyses.

The Statistical Model

Data for this study were gathered from various sources for 12 time points (1980 - 1991), across 30 Sub Saharan African countries, giving us 360 cases. That these data are
gathered across time and space was justification to use a pooled cross-sectional time series analysis. Structural adjustment and the African debt crisis are essentially phenomena of the 1980s, when these countries generally began to experience balance of payment problems along with other financial and economic crises. The temporal dimension of the study thus covers the critical period during which these countries were undergoing tremendous financial crises. It was also during the period in which structural adjustment was introduced as a policy choice by the mostly authoritarian regimes that dominated African politics during the same period.

While it is apparent that the time period covered by the analysis is relatively short, there was no reasonable advantage to be derived by extending the period backwards to earlier times, because data from any years prior to 1980 are not expected to contribute in a meaningful way to the validity and robustness of the hypothesized relationships, and the overall outcomes of the analyses.

A lack of reliable national-level data was confronted in developing this study. Data from international organizations, usually reliable, were used instead. One problem, however, is that the International Monetary Fund, the World Bank, and similar international financial institutions, report data for the current year of the report and in multiples of fives for previous years. This type of
data compilation creates problems for stacking the data in a time series format. The solution was to collect annual data from as many reports and sources as was necessary in order to provide a smooth annual progression of the measures.

In spite of these various data sources there were still missing data. Vanhanen's Index of Democratization (I.D.), the measure of democratization used here, spans 1980-1988. In order to obtain democracy scores for the years 1989-1991, the Vanhanen formula for estimating participation and competition was used. The values for the Index of Democratization were calculated using the Vanhanen method.

Competition indicates the electoral success of small parties and is measured as the proportion of votes won by those parties in parliamentary and/or presidential elections. To calculate this figure, the percentage of votes won by the largest party is subtracted from 100 percent. If both parliamentary and presidential elections are considered, the resulting arithmetic mean of the two percentages is used as the smaller parties' vote-share in the elections. Participation has a more straightforward measure as the percentage of the total population that actually voted in these elections. The results calculated from competition and participation are then weighted equally and combined through multiplication. The product is divided by 100 to give us the I.D.

Scores were calculated for those countries that had
held elections since 1988. If no elections had taken place since this time the observations were recorded as the same as was scored in 1988 where the same party or administration still remained in power. Even if a change in administration had occurred, for example, an authoritarian regime replacing another such regime, a country was still scored a zero for all the years. The only factor that could have made a difference in the score(s) received was an election being held.

For the cases where there was an obvious missing value problem, a simple estimation procedure was followed. The mean of the two observations that straddle the missing data was derived and inserted as the missing value. In cases where the missing data were the first or the last for a unit or were continuous in one direction either at the beginning or at the end of a series, the missing values were estimated by regressing the series on time.

The study does not include two categories of African countries. The first are those where structural adjustment policies had been discontinued, and as of 1991 were non-functional: Swaziland, Sao Tome and Principe, Guinea-Bissau, Seychelles, Botswana, Comoros, Gabon, and Equatorial Guinea (World Bank 1994). The second category included those African countries that were restructuring but lacked continuous annual data (Angola, Mozambique, and Namibia) because of the newness of their sovereign status, or because
of civil war. South Africa, though in Sub Saharan Africa, was excluded because its economy, in most respects, ranks with those of industrialized nations. Obviously, it is inappropriate to group it in an analysis with much poorer countries in the region. Moreover, until 1994, South Africa had no dealings with international financial institutions because of its international isolation.

The pooled cross sectional time series (PCT) approach is selected for this study because of the nature of the data - pooled over time and space (Stimson 1985). Moreover, the pooled cross sectional times series has several advantages. First, it increases the overall sample size of a series by multiplying the number of cases over time by the number of units. Second, it tries to identify the impact of unit effects, as against the entire range of covariates, on the dependent variable. This is important in this study because of the need to individually isolate factors influencing democratization, aside from the more general influence exerted by a combination of all the independent variables. Thus, the interactive effects of structural adjustment on democratic performance in Sub Saharan Africa and structural adjustment are examined over time and among countries.

By pooling, therefore, the benefits of both time series and cross sectional data analyses are realized while the drawbacks and limitations of each approach are avoided. As Stimson (1985) observes, the "pooling of data gathered
across units and time points" provides a robust research
design that permits accounting for "causal dynamics across
multiple cases," and this is because potential causes may be
indicated at different times in different cases.

Analyses and Findings

Before examining the results, it should be noted that
analyses of the pooled cross sectional time series (PCT)
data may suggest misleading inferences (Hsiao 1986, Kmenta
1971, and Stimson 1985). This is because they violate two
assumptions of ordinary least squares (O.L.S.) estimation --
that error terms have constant variances, and that error
terms are uncorrelated in their residuals. These problems
manifested themselves in this analysis. There was also the
probability that the error terms from different-countries
years (that is from same years in different countries) or
from different countries in different years are correlated,
thus giving rise to the non-stationarity of variance problem
(Sayrs 1989). This is a concern because as Kmenta (1971)
argues, cross sectionally correlated errors are likely when
time series data are pooled from such geographic entities as
countries.

Stimson (1985, p.928) maintains that a well estimated
model would have error terms with residual means that are
close to zero, unit residual variances ratios that are
approximately equal, and identifications within each unit
that are stationary. If the model is not well specified,
estimates derived therefrom may not possess these unique characteristics. To take care of the heterokedasticity problem which frequently results from pooling data across units, it is suggested that as many dummy variables as possible be fitted into the analysis in order to control for heterokedasticity.

Autocorrelation poses two problems that affect the characteristics of a model not specified in accordance with Stimson's suggestions. These problems have to be solved so that they do not lead us to produce biased estimates, because also, data gathered across time (as in this case 1980 - 1991) are bound to exhibit residual autocorrelation. Employing the Generalized Least Square estimation in the Auto-Regressive Moving Average (GLS-ARMA) function allows the procedure itself to take care of autocorrelation so as to capture "the time series dependencies" in the data set.

The Analyses
In order to capture the entire theoretical argument that has been set down as the basis for this research effort, this analysis will be three pronged. First, a model to evaluate the contending theories of development -- classical, dependency, and neoclassical -- will be developed and tested with these data from Sub Saharan Africa. The essence of this is to trace the links between structural adjustment and economic development, because the central argument of these perspectives is that certain factors, including foreign
capital and structural adjustment, either aid or militate against development, especially economic growth in Sub Saharan Africa and Third World countries.

**Structural Adjustment and Economic Growth.** The basic assumption of this section is that structural adjustment leads to economic growth. As indicated in previous theoretical discussions, factor re-arrangement in an economy such that the factors are optimally allocated and utilized is expected to lead to increased production. In essence, structural adjustment is a conscious policy option that the decision makers of Sub Saharan African countries adopted, in preference to other options, as the best alternative to development or to turning around a problematic economy.

In the context of the above assumption, the need arises to investigate, with data from Sub Saharan Africa, whether the foundation for the second step of our research effort was sound. In order to do this, we regressed economic growth on the independent variables in a pooled analysis model. Economic growth here is measured as the gross national product per capita, derived by dividing the gross national product by the population.

The independent variables included in this model are the following: The first, debt dependence, is a measure of capital inflow into an African country. Debt dependence is the second and is operationalized as the total long term
external debt expressed as a percentage of the gross national product. The total long term external debt, on the other hand, comprises total long term public debt and all publicly guaranteed debt. The second capital-related explanatory variable used is debt burden. This is indicated as debt service and is operationalized as the sum of repayments of capital (amortization) and interest on long term external debts expressed as a percentage of the exports of goods and services.

Two structural adjustment measures are also included. First, the Special Drawing Rights that a country has with the I.M.F. entitles it to receive loans from the structural adjustment facility (S.A.F.) or from the enhanced structural adjustment facility (E.S.A.F.) of the I.M.F. in times of economic crisis. The amount of SDR-loans received is often linked to the productive capacity of the economy. This loan is, however, disbursed only after that country has set up the programmatic framework for the implementation of "macro-economic adjustment and structural reforms." Loan disbursement in SDRs is measured as the total amounts in loans from the SDRs made to a country in a year, as a percentage of its gross national product. The second structural adjustment measure is trade liberalization, which is operationalized as the value of exports of goods and services expressed as a percentage of the gross domestic product. The gross domestic product (GDP), unlike the GNP,
includes earnings on services repatriated from abroad.

Two other independent variables, measuring the physical quality of life (PQL) of the population, are factored into the model. The life expectancy at birth is the number of years that a newborn would be expected to live if the prevailing mortality conditions for all people in the same location at the time of its birth were to remain unchanged throughout its lifetime. The second quality of life variable is educational attainment. This is measured as the gross enrollment of all ages at primary school expressed as a percentage of the children in the country's primary school age group.

Table 5.1: GLS-ARMA Results for the Economic Model: Structural Adjustment and Economic Growth.

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-784.4688</td>
<td>-10.1680</td>
</tr>
<tr>
<td>Debt Dependence</td>
<td>0.3691</td>
<td>2.0790**</td>
</tr>
<tr>
<td>Debt Burden</td>
<td>-2.2213</td>
<td>-1.9417*</td>
</tr>
<tr>
<td>SDR - Loan</td>
<td>-4.4417</td>
<td>-5.6927***</td>
</tr>
<tr>
<td>Trade Liberalization</td>
<td>0.7689</td>
<td>21.9586***</td>
</tr>
<tr>
<td>Primary School Enr.</td>
<td>-0.7501</td>
<td>-2.3062**</td>
</tr>
<tr>
<td>Life Expectancy</td>
<td>21.3855</td>
<td>12.5199***</td>
</tr>
</tbody>
</table>

Adjusted $R^2 = 0.80$

*** $p < 0.005$ (one tailed test)
** $p < 0.05$ (one tailed test)
* $p < 0.10$ (one tailed test)

$N = 360$
A preliminary GLS-ARMA analysis of the data yielded the results presented in Table 5.1 and the diagnostics presented in Table 5.2. The diagnostics indicate that the model is well-behaved in certain respects, considering that the analysis has an adjusted R-square of .80.

An examination of the estimated coefficients for the independent variable indicates that all the variables are statistically significant at various levels. Trade Liberalization shows a very strong and statistically significant relationship \((B = 0.76, \ t = 21.95, \ p < .005)\) with the expected positive sign. Also related and significant statistically is Debt Dependence, a measure of capital inflow into a country, \((B = 0.36, \ t = 2.07, \ p < .05)\). This coefficient also has a positive sign, meaning that together with Trade Liberalization, foreign investment had a positive impact on economic growth in Sub Saharan Africa during the period of this study. Life Expectancy is also positive and statistically significant \((B = 21.35, \ t = 12.51, \ p < .005)\), meaning that economic growth tends to be greater where life expectancy is higher within the Sub Saharan African region. The other three coefficients have a negative relationship with economic growth, but are significant -- Debt Burden \((B = -2.22, \ t = -1.94, \ p < .10)\); Special Drawing Right loans \((B = -4.44, \ t = -5.69, \ p < .005)\), and Educational Attainment \((B = -0.75, \ t = -2.30, \ p < .05)\).
Table 5.2: GLS-ARMA Diagnostics for the Economic Model: Structural Adjustment and Economic Growth.

<table>
<thead>
<tr>
<th>Unit</th>
<th>Residual Mean</th>
<th>Residual Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mali</td>
<td>-146.0755</td>
<td>0.735</td>
</tr>
<tr>
<td>Senegal</td>
<td>21.1572</td>
<td>1.004</td>
</tr>
<tr>
<td>Benin</td>
<td>-165.3674</td>
<td>0.872</td>
</tr>
<tr>
<td>Mauritania</td>
<td>2.3873</td>
<td>0.235</td>
</tr>
<tr>
<td>Niger</td>
<td>17.8492</td>
<td>0.254</td>
</tr>
<tr>
<td>Cote d'Ivoire</td>
<td>-20.4769</td>
<td>1.210</td>
</tr>
<tr>
<td>Guinea</td>
<td>171.4656</td>
<td>1.113</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>-77.3479</td>
<td>0.220</td>
</tr>
<tr>
<td>Liberia</td>
<td>33.1478</td>
<td>1.608</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>151.7905</td>
<td>1.135</td>
</tr>
<tr>
<td>Ghana</td>
<td>28.8541</td>
<td>1.270</td>
</tr>
<tr>
<td>Togo</td>
<td>-125.5629</td>
<td>0.687</td>
</tr>
<tr>
<td>Cameroon</td>
<td>-51.4389</td>
<td>0.190</td>
</tr>
<tr>
<td>Nigeria</td>
<td>270.5771</td>
<td>6.094</td>
</tr>
<tr>
<td>Ctrl Afr. Republic</td>
<td>-129.3098</td>
<td>0.569</td>
</tr>
<tr>
<td>Congo</td>
<td>240.5079</td>
<td>2.208</td>
</tr>
<tr>
<td>Zaire</td>
<td>0.2143</td>
<td>0.933</td>
</tr>
<tr>
<td>Uganda</td>
<td>-31.6316</td>
<td>0.525</td>
</tr>
<tr>
<td>Kenya</td>
<td>-77.3889</td>
<td>0.572</td>
</tr>
<tr>
<td>Tanzania</td>
<td>60.4900</td>
<td>0.464</td>
</tr>
<tr>
<td>Burundi</td>
<td>-45.5685</td>
<td>0.111</td>
</tr>
<tr>
<td>Rwanda</td>
<td>-114.4220</td>
<td>0.452</td>
</tr>
<tr>
<td>Somalia</td>
<td>-53.0618</td>
<td>0.334</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>-25.4152</td>
<td>0.085</td>
</tr>
<tr>
<td>Zambia</td>
<td>49.1876</td>
<td>1.543</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>133.6130</td>
<td>0.921</td>
</tr>
<tr>
<td>Malawi</td>
<td>-22.9486</td>
<td>0.054</td>
</tr>
<tr>
<td>Madagascar</td>
<td>-57.9951</td>
<td>0.308</td>
</tr>
<tr>
<td>Mauritius</td>
<td>123.8060</td>
<td>2.890</td>
</tr>
<tr>
<td>Sudan</td>
<td>164.5042</td>
<td>1.402</td>
</tr>
</tbody>
</table>

N = 30

Though these initial results reveal something about the impact of structural adjustment and other socioeconomic
factors on economic growth, one cannot yet draw any valid inferences from them. An examination of the estimated diagnostics indicates that Nigeria has an exceptionally high residual variance ratio -- 6.09, in excess of the standard range of between 1 and 2. We had earlier referred to Stimson's suggestion that a well estimated model would have unit variances that are approximately equal. The value for Nigeria does not meet this requirement and indicates the data are nonstationary and may be generating heterokedastic effects into the analysis.

Respecifying the model with a dummy variable for Nigeria yields a some reduction (from 6.09 to 4.43) in the residual variance ratio. This indicates that the data was still non-stationary. Nigeria was dropped from the analysis, and the residual mean ratio became approximately equal except that Madagascar had a residual variance ratio of 3.3, which is considered negligible. The model was at this stage considered consistent with the assumption that the dependent variable was stationary, and therefore appropriate for this analysis.

GLS-ARMA analyses of the final economic model yielded the results presented in Table 5.3, while the diagnostics are reported in Table 5.4. From the estimated coefficients for the dependent variable, Trade Liberalization (B = 0.76, t = 24.56, p < .005), Debt Dependence (B = 0.52, t = 3.34, p < .05), and Life Expectancy (B = 22.87, t = 15.03, p < .005)
all had positive statistically significant effects on economic growth. The first inference from these results is that greater trade liberalization leads to increased economic growth. Relating this back to structural adjustment, it seems apparent that the greater the level of structural adjustment, the higher the level of exports of goods and services, which has a salutary effect on economic growth. This positive relationship of trade liberalization to economic growth is in consonance with the predictions of classical theory, which argues (see for example, Rostow 1963) that capital for development is best derived from

Table 5.3: GLS-ARMA Results from the Main Economic Model: Structural Adjustment and Economic Growth

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-841.8555</td>
<td>-12.2568***</td>
</tr>
<tr>
<td>Debt Dependence</td>
<td>0.5289</td>
<td>3.3435**</td>
</tr>
<tr>
<td>Debt Burden</td>
<td>-3.4010</td>
<td>-3.3130**</td>
</tr>
<tr>
<td>SDR Loan</td>
<td>-3.6111</td>
<td>-5.1769**</td>
</tr>
<tr>
<td>Trade Liberalization</td>
<td>0.7630</td>
<td>24.5610***</td>
</tr>
<tr>
<td>Primary School Enr.</td>
<td>-1.2607</td>
<td>-4.3052**</td>
</tr>
<tr>
<td>Life Expectancy</td>
<td>22.8752</td>
<td>15.0308***</td>
</tr>
</tbody>
</table>

Adjusted $R^2 = .84$

***$p < .005$ (one tailed test)
**$p < .05$ (one tailed test)
*p < .10 (one tailed test)
N = 360

international trade and local investment, and through the
instrumentality of taxes. The other two theories, dependency and neoliberalism, take different angles on this assumption in their expositions of development theory. This finding, however, gives credence to the classical theory that trade may be the best engine of economic development. As would be expected, countries with higher physical quality of life experience more economic growth.

On the other hand, while Special Drawing Rights loans \((B = -3.61, t = -5.17, p < .05)\), and Debt Burden \((B = -3.40, t = -3.31, p < .05)\) are statistically significant, they have a negative relationship to economic growth. An explanation for the negative sign of special drawing rights loan it could be that this loan facility is usually made available to a country long after the financial crisis had set in. Consequently, by the time the impact of such capital inflow is felt in the economy, the damage may have already been done. We should note that the process for the extension of this particular loan facility is very well stretched, coming after a country had set up a program of structural adjustment with the I.M.F. and World Bank. Moreover, the amount of special drawing rights loans is linked to the size of the national economy, so only a fraction of the resources required to turn around the ailing economy really comes from this source.

That Debt Burden bears a negative but significant relationship to economic growth is, however, not surprising.
Debt burden measures the gross outflows of resources in foreign currency from a country. Where such an outflow of resources approximates a country’s gross national product, as was the case in several Sub Saharan African countries in the 1980s, it seems natural that debt restrains economic growth. The arguments of both classical and neoliberal schools of thought to the effect that resource-poor nations need an infusion of foreign capital to stimulate economic growth may be confirmed to the extent of the relationship of debt dependence’s positive link to economic growth. But the drain on resources that this foreign capital generates in the economy, especially when the advantages of economic growth are wiped out by debt service, obliterates the positive effects of foreign capital infusion into the economy and casts a doubt on the explanatory ability of the above-referenced theories beyond a single linear relationship.

The negative sign associated with the debt burden would thus be expected -- indicating that high debt service would rob the affected economy of the resources needed for growth. This means that high levels of debt burden arising from multilateral and bilateral public debt and publicly guaranteed debt detract from economic growth in Sub Saharan Africa.

Overall, the findings for debt dependence support the prediction of classical and neoliberal theorists that
foreign capital infusion into the economies of resource-poor

devices. Our Sub-Saharan African data partially support these theories. When
however, the negative relationship of debt burden is drawn into the equation, it becomes obvious that the advantages of foreign capital infusion are negated by the massive exodus of the results of economic growth. Calling into question the support for these theories brings up an important point, that the classical and neoliberal theories have failed to incorporate the latter impact of debt burden in their theories. Hence, it can be argued that the conditions of external capital transfer invariably determine the scope of its overall impact on the recipient country's economy.

These findings thus puncture, or at least significantly modify, the arguments of the neoliberals, the IMF, the World Bank, and other international financial institutions that contend that heavy infusions of foreign capital will stimulate Sub Saharan African development. The findings also support the dependency argument (especially the dependent-development version of the dependency theory) that contends that foreign capital intrusion into a country may be good for development in the short term, but may have deleterious effects on development in the long term.

What accounts for this finding, so anomalous for classical and neoliberal theory? Sub Saharan Africa experienced stunted growth or lack of growth during the entire 1980s decade studied here. Between 1980 and 1987 gross domestic product grew at only 1.7 percent, well below the population growth rate. By 1991, growth was marginally
at 2 percent, which was still less than the rate of growth in the pre-adjustment years. This lack of economic growth does indicate that these theories might not adequately consider the factors impinging upon economic growth in the African society. It is also possible that the generally grievous political and economic circumstances of the region perturbed their economies so severely that foreign capital investments had unexpected results. In this context, then, dependency theories are supported since they argue that foreign capital infusion would not lead to economic growth.

What do these findings mean for the prospects for economic growth? The implication is that foreign capital was not particularly important or helpful in stimulating economic growth in Sub-Saharan Africa during the period of this study. This is because whatever benefits were derived from the enhancement of economic growth consequent upon foreign capital infusion were likely negated by the prohibitive debt burdens that these finance capitals impose. This runs counter to current arguments of both the classical and neoliberal schools of thought to the effect that capital resource poor nations need an infusion of foreign capital to stimulate economic growth.

Education provides the most surprising finding in this analysis. The assumption in the literature is that the more a country invests in education, the higher the level of economic growth. Why, then, does elementary education
correlate negatively with economic growth in Sub-Saharan Africa in the 1980s? One surmise is that high levels of primary education service delivery cost states a great deal. It may be that those investing less in education in the short term are achieving a higher economic growth rate. The second surmise is that investment by states in education is skewed in favor of tertiary and secondary levels of education, since education policies in most Sub-Saharan African countries are elitist, forming an "educational pyramid" (Rogers 1972). This leads to the neglect of elementary education, hence, its lack of impact on the growth of the national economy. It is also possible that the effect of investing in primary education would only be detected after a long lag, one probably longer than can be detected in this data set.

**Economic Change and Civil Society: The Civil Society Model.**

In this second model, I pursue the thesis that structural adjustment leads to the evolution of autonomous groups, unassociated with the state system, that seek ways to alter the policy positions of the state to favor their interests. The state neither creates these groups, facilitates their creation, nor do they emerge after economic growth had been achieved. Civil society arises simultaneously as structural adjustment is proceeding, and whatever the state loses civil society gains in terms of ability to influence policies. As
the governmental power on certain economic areas is relaxed because of structural adjustment, and as the authority structure over the commanding heights of the economy shifts from the state to dispersed centers, there are gains by groups who erstwhile had been adversely (and sometimes beneficially) affected by governmental policies. The loss of authority by the state translates into a gain in power (or at least a gain in freedom) by the groups that comprise civil society.

These groups are able to form in the first place because the grip of the political elite on the state system is loosened through the implementation of structural adjustment. Through allowing market forces to allocate resources to where they are optimally efficient, structural adjustment takes away the state's direction of the economy and the enormous power and privileges that it provided. This is accomplished through such structural adjustment imperatives as the privatization of inefficiently run state-owned enterprises, decentralization of the centers of decision making and program implementation, devaluation and the market floatation of the local currency, trade liberalization, and general deregulation of substantial sections of the economy including the banking and insurance, commodities marketing, agricultural production, manufacturing, mineral exploitation, and importation and exportation of goods.
The loss of state authority over such vast areas of the political economy of the state whittles down the ability of the political elite to control all aspects of the society as it had hitherto done. Non governmental groups thus become able to form, especially in those areas where the authority of the state has been diminished. These groups which compose civil society are thus able to influence governmental policies affecting their interests, subject only to the severity of the regulation of their participation in the political system.

The loss by the restructuring leadership of a large part of their authority is also accompanied by the loss of resources for patronage to erstwhile supporters, who would normally withdraw such support when the basis of their support has literally withered away.

A few studies have attempted to explain the emergence of civil society in Africa, and have speculated on its future roles in the political development of the region (Grosh 1995, Chazan 1994, Ake 1992). Civil society is said variously to come into existence either after the completion of the economic reform era, or when the ruling political elite create a condition conducive for its emergence, hence its evolution and role is conditioned on the benevolence of the authoritarian ruler. The two latter scenarios seem much less likely, since the ultimate intention of civil society organizations are to affect policies that affect their
interests and in this way limit state power.

By limiting state power and taking over most of its erstwhile functions in the economic arena, civil society not only creates a political opening for itself, but also begins to build the foundations of a deliberative and pluralistic approach to decision making, by getting as many groups as possible to be involved in policy making and influence. Initially, this aggregation of groups is aimed at shoring up support and legitimacy for its cause but later would form the operating principle for its role in the political system. The political leadership, especially when authoritarian, would probably be disinclined to create an environment that could lead to the diminution of its power, meaning that civil society must by its own designs create an opportunity for itself.

This second portion of the analysis empirically examines whether the hypothesized relationship does, in fact, exist between changes in the economy and the emergence of civil society. Civil society is here measured in terms of the level of its participation in the political system. In more democratic systems, civil society would be free to participate and that the reverse would be the case in non-democratic systems.

In most of Sub Saharan Africa, authoritarian regimes have been in power since independence. Also, structural adjustment has taken place under authoritarian regimes, and
in most cases obstacles had been placed in the way of civil society’s participation in the political system. One could conclude that structural change in the economy of African countries, beginning in 1980, has been done to the exclusion of the vast majority of the populace.

To measure the level of participation, Ted Gurr’s (1990) Polity II data were used. Gurr measured transitional participation inversely in terms of the regulation of participation. Preliminary analysis using the Gurr measure had posed problems for interpretation, because the inverse measurements imposed a negative sign on the coefficient, which is consonant with its original measurement style: the less (the more) the severity of regulation of participation, the more (the less) the level of participation by the associational groups comprising civil society.

In order to obviate this interpretational problem, the measurements for participation were re-configured. Bearing a range of 6-0 originally, the measurement was reversed to indicate a range of 0-6 (with 6 being the highest score obtainable), for level of participation, rather than the reverse order relating to the level of regulation of participation. A new variable label -- freedom in participation (freepart) was derived and thereafter used in lieu of participation regulation (PARREG) as originally designed by Gurr’s (1990) Polity II data set.

A second measurement change that should be noted was
the case of economic change. In the economic growth model, we measured economic growth as the gross national product per capita over time. In a restructuring economy, as earlier argued, an appropriate determinant of the direction of economic growth would be a measure of the rate of change in the GNP per capita over time, usually one year. This measure of economic change indicates the yearly percentage change in per capita income. This datum was obtained from the Tate and Poe (1994) formulation of economic measures and used in place of absolute figures for gross national product. Rather than use the absolute levels of gross national products per capita which vary, and of course are statistically skewed in accordance with the size of the economy, economic change standardizes the level of growth due to structural adjustment over a 100 point scale.

The argument being made here is that the level of economic change, rather than absolute yearly economic outcomes, bears a strong relationship to the evolution of groups that affect political development in Sub Saharan Africa. To demonstrate this statistically with data from Sub Saharan Africa, civil society participation is regressed in a pooled time series analysis with economic change, debt dependence (measured as total foreign debt as percentage of the GNP), debt burden (as a measure of the pressure on the macroeconomic functioning of the state), trade liberalization (measuring openness of trade and the effect
of structural adjustment on the generation of exports), and special drawing rights loans (measured as adjustment loans as a percentage of the GNP). Socioeconomic variables measuring quality of life -- education and life expectancy, were also included in the model.

A GLS-ARMA analysis of the data indicated the model is well behaved and has the requisite characteristics. The residual variances are approximately equal and so did not need further smoothing. The adjusted R-square of .75 further indicates that the model is quite robust and that the results are not due to error. The GLS-ARMA results are reported in Table 5.5, and the GLS-ARMA diagnostics are presented in Table 5.6.

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.6720</td>
<td>5.7003</td>
</tr>
<tr>
<td>Economic Change</td>
<td>0.0316</td>
<td>27.9473***</td>
</tr>
<tr>
<td>Debt Dependence</td>
<td>0.0016</td>
<td>2.3717**</td>
</tr>
<tr>
<td>Debt Burden</td>
<td>0.0237</td>
<td>5.4435***</td>
</tr>
<tr>
<td>SDR Loan</td>
<td>-0.0037</td>
<td>1.1879*</td>
</tr>
<tr>
<td>Trade Liberalization</td>
<td>-0.0007</td>
<td>-4.9480**</td>
</tr>
<tr>
<td>Primary School Enr.</td>
<td>-0.0005</td>
<td>-0.4091 NS</td>
</tr>
<tr>
<td>Life Expectancy</td>
<td>0.0022</td>
<td>0.3396 NS</td>
</tr>
</tbody>
</table>

Adjusted R² = .75

***p < .005 (one tailed test)
**p < .05 (one tailed test)
*p < .10 (one tailed test)
NS = Not significant
N = 360
An examination of the results indicates that Economic Change ($B = 0.0316$, $t = 27.94$, $p < .005$) has the greatest effect on the evolution of civil society, since this coefficient is statistically very significant with a positive sign. Also statistically significant are Debt Dependence ($B = 0.0016$, $t = 2.37$, $p < .05$) and Debt Burden ($B = 0.0237$, $t = 5.44$, $p < .005$). These results imply that the injection of external financial capital into the economy and the financial responsibilities that it imposes on the economy produce effects that force individuals to congregate into groups. Groups coming together as a result of the economic adversity (or in some cases, advantages) seek to change or alter the policies that affect their interests.

As I found in the economic model analysis, debt dependence does lead to economic growth, but the advantages arising from it are dampened by the debt burden appended to capital. What this finding might indicate is that both the changes wrought by increased economic growth and the adversities (benefits) imposed by debt dependence and debt burden create losers and gainers. Thus each group, depending on how it feels about the changes, will seek to influence policies so as to change these adverse policies in its group's favor, or to continue its implementation if the policy is beneficial to it. Mobilization against adverse effects seems particularly likely where the government does not have adequate welfare programs to provide for those who _
Table 5.6: GLS-ARMA Diagnostics for Civil Society Model: Economic Change and Civil Society

<table>
<thead>
<tr>
<th>Unit</th>
<th>Residual Mean</th>
<th>Residual Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mali</td>
<td>0.05</td>
<td>0.91</td>
</tr>
<tr>
<td>Senegal</td>
<td>0.47</td>
<td>0.63</td>
</tr>
<tr>
<td>Benin</td>
<td>0.07</td>
<td>1.13</td>
</tr>
<tr>
<td>Mauritania</td>
<td>-0.13</td>
<td>0.79</td>
</tr>
<tr>
<td>Niger</td>
<td>-0.08</td>
<td>0.82</td>
</tr>
<tr>
<td>Cote d'Ivoire</td>
<td>-0.007</td>
<td>0.74</td>
</tr>
<tr>
<td>Guinea</td>
<td>0.037</td>
<td>0.76</td>
</tr>
<tr>
<td>Burkina Faso</td>
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<td>0.89</td>
</tr>
<tr>
<td>Liberia</td>
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<td>Sierra Leone</td>
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<td>1.08</td>
</tr>
<tr>
<td>Ghana</td>
<td>-0.10</td>
<td>0.97</td>
</tr>
<tr>
<td>Togo</td>
<td>0.10</td>
<td>1.15</td>
</tr>
<tr>
<td>Cameroon</td>
<td>0.38</td>
<td>0.80</td>
</tr>
<tr>
<td>Nigeria</td>
<td>0.60</td>
<td>1.43</td>
</tr>
<tr>
<td>Ctrl Afr. Republic</td>
<td>0.21</td>
<td>0.82</td>
</tr>
<tr>
<td>Congo</td>
<td>-0.01</td>
<td>0.93</td>
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<td>Zaire</td>
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<tr>
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<td>1.11</td>
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<td>Kenya</td>
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<td>0.69</td>
</tr>
<tr>
<td>Tanzania</td>
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<td>0.88</td>
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</tr>
<tr>
<td>Rwanda</td>
<td>1.23</td>
<td>0.75</td>
</tr>
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<td>Somalia</td>
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<td>2.95</td>
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<td>Ethiopia</td>
<td>-0.11</td>
<td>0.78</td>
</tr>
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<td>Zambia</td>
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<td>0.89</td>
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<td>Madagascar</td>
<td>0.45</td>
<td>0.93</td>
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<td>Mauritius</td>
<td>0.05</td>
<td>1.65</td>
</tr>
<tr>
<td>Sudan</td>
<td>-0.20</td>
<td>1.19</td>
</tr>
</tbody>
</table>

N = 30

may be hurt by its restructuring policies.

This finding is consistent with the hypothesized relationship: changes in the levels of economic development affect livelihoods so that the population begins to feel the
changes in its welfare and mobilizes in self-defense or to promote its interests. For instance, if a country is doing quite badly in its balance of payments and other economic measures of growth, but has instituted policies that safeguard the population from the shock from these policies, the people would not, in the short run, feel the impact of these policies. When such protective policies are eliminated by structural adjustment programs, it is easy for declines in the economy to be passed on to the population and for the impact to be immediately felt. This sort of phenomenon appears to drive organizational mobilization -- civil society.

Moreover, under structural adjustment state activities are limited as government withdraws, in order to let the market allocate resources. With social welfare programs withdrawn, every small intervention in the economy is passed on through market forces to the populace. It is, therefore, not surprising that economic change factors have the greatest effect in the formation of civil society.

The two measures of structural adjustment condition-alities -- structural adjustment Special Drawing Rights loans \((B = 0.0031, t = 1.18, p < 0.10)\) and Trade Liberalization \((B = -0.0007, t = -4.94, p < 0.005)\) did not conform to expectations. The SDR-loans coefficient is statistically significant only at a very low \(p\)-value and thus, indicates a high error level. This shows that its
impact on the evolution of civil society is limited. Trade Liberalization, though statistically significant at a very high level, bears a negative sign, which definitely indicates its association with lower, not greater, civil society activity. The measures for the physical quality of life -- education ($B = -0.0005$, $t = -0.40$) and life expectancy ($B = 0.0022$, $t = 0.33$) -- are not significantly related to civil society.

What do these results tell us regarding the impact of economic change on the formation of civil society? The inference that could be drawn from this is that changes in economic growth, long term external debt, and debt burden have considerable and profound effects on the formation of civil society. Since all three variables are elements of structural adjustment or driven by it, it then follows that the more an economy is restructured, the more its population would be willing to join groups that affect policy making.

Also, greater structural adjustment indicates the greater loss of state power and decentralization of state authority. Structural adjustment, therefore, produces in its wake an economic and political authority structure that is amenable to participation by groups, and such group participation has implications for democratization, as we shall discuss in the next section.

These findings are highly interesting because they empirically link structural adjustment to civil society.
This is a central assumption of most studies of democratization under structural adjustment, but one which is seldom empirically examined. Almost all studies of structural adjustment that have sought to establish the relationship between restructuring the economy and the inception of democratization have made a leap of faith from structural adjustment to democracy, without actually attempting to examine the relationship empirically. The broad generalizations by some scholars regarding the role of economic changes (often misrepresented as aggregate gross national product per capita) in driving democratization, simply assumes away this important relationship.

One must concede, however, that the parameter estimates are fairly small, indicating that the changes these variables might be effecting on civil society would be small. It should be noted however, that the force of the effects of structural adjustment are expressed through economic changes as hypothesized in the earlier model. It is also through this same measure that this impact is passed on to civil society.

Now having set out this path of progression of the influence of economic factors, especially extraneous factors, on economic growth; and also having set out the links between economic change and the evolution of civil society, the analysis now examines the implications of civil society's emergence upon political liberalization and the
democratization of Sub Saharan African countries.

Economic and Political Effects on Democratization

The third test here is the full model that establishes the link between structural adjustment and democratization. This involves a two step process of exploring links between the relationship between capital infusion and growth, either alone or with structural adjustment. It also examines links between economic change and civil society. As has been argued above, the more the groups that participate in decision making, the greater the openness of the political system and, hence, the more likely the political system is to be democratic or democratizing. Therefore, the higher the level of structural adjustment, the less the authority of the political elite but the higher the number of groups that emerge to enter civil society. We also noted that the higher the level of structural adjustment, the greater the amount of economic change. We have demonstrated that there is a statistically significant relationship between economic change and the evolution of civil society. The next step dictated by the logic of the analysis is to examine the effect of civil society and the other independent variables on democratization.

Following Vanhanen (1990, 1992), democratization is measured as a country's score on the index of democratization derived from the level of participation and
competition. The index of democratization is regressed on a set of independent variables using a pooled cross sectional time series with the following general equation.

\[ Y_{(VANHDEMO)_{t,j}} = a + \beta_1(\text{PGINC}) \text{ Yearly Change in GNP/Capita}_{t,j} + \beta_2(\text{DBTDEP}) \text{ Total Long Term Public Debt}_{t,j} + \beta_3(\text{LOANS}) \text{ Loan Disbursements in SDRs}_{t,j} + \beta_4(\text{DBTBUR}) \text{ Debt Service as a % of Exports}_{t,j} + \beta_5(\text{PARTIC}) \text{ Regulation of Participation}_{t,j} + \beta_6(\text{TRADELIB}) \text{ Trade Liberalization}_{t,j} + \beta_7(\text{LIFEXP}) \text{ Life Expectancy at Birth}_{t,j} + \beta_8(\text{PRYENR}) \text{ Primary School Enrolment Ratio}_{t,j} + \delta_{t,j}\text{Country} + \theta(\beta^j)/\phi(\beta^j) + \epsilon_{t,j} \]

where

Democratization = (VANHDEMO) democracy score on the Vanhanen Index of Democratization at time t in country j;
Capital = (DBTDEP) This is the debt size or the long term public debt standardized as a percentage of the gross national product at time t in country j;
Structural Adjustment = (LOAN) the loan disbursement to a country in Special Drawing Rights as a measure of structural adjustment at time t in country j;
Trade Liberalization = (TRADELIB) is the change in the share of the export of goods and services as a percentage of the G.D.P at time t, in country j;
Debt Burden = (DBTBUR) is a measure of the pressure of debt service, incorporating amortization and interest payments expressed as a percentage of exports at time t in country j;

Civil Society = (FREEPART) a measure of civil society, indicated as the level of participation of non-governmental organizations at time t in country j;

Life Expectancy = life span expressed in years, expected of all people sharing same circumstances at time t in country j;

Primary School Enrollment: (PRYENR) the gross enrollment ratio of all ages at primary school level as a percentage of children of primary school age at time t, in country j;

$\beta_j$ = regression parameter of covariates;

$\theta_j$ = regression parameter for country dummy variables for 1 through j;

a = the intercept;

$\xi$ = error term;

$\theta$ = moving average parameter

$\phi$ = autoregressive parameter; and

$B^1$ = back shift operator of order 1.

Preliminary GLS-ARMA analyses of the data show no evidence of autocorrelation in the model. The GLS-ARMA results are reported in Table 5.7, and the GLS-ARMA
diagnostics are reported in Table 5.8. The latter, however, indicates there is heterokedasticity in the model. Mali has a residual variance ratio of 3.42, which is beyond the normal range of 2 and, moreover, does not make for the equality of the residual variance, which is one of the criteria of a well specified model. This is contrary to Stimson’s (1985) suggestion, that of near equality among residual variances in a model. This implies that Mali was contributing to the heterokedasticity and thus non stationarity in the model. Though this value is quite small and could be ignored, we first attempt to correct it.

Table 5.7: Preliminary GLS-ARMA Results for Democratization Model: Economic and Political Effects on Democratization.

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-56.17</td>
<td>-6.66</td>
</tr>
<tr>
<td>Freedom in Participation</td>
<td>7.27</td>
<td>4.96**</td>
</tr>
<tr>
<td>Economic Change</td>
<td>0.17</td>
<td>3.13**</td>
</tr>
<tr>
<td>Debt Dependence</td>
<td>-0.02</td>
<td>-1.47*</td>
</tr>
<tr>
<td>Debt Burden</td>
<td>-0.24</td>
<td>-1.97*</td>
</tr>
<tr>
<td>SDR Loans</td>
<td>-0.01</td>
<td>-0.21NS</td>
</tr>
<tr>
<td>Trade Liberalization</td>
<td>-0.01</td>
<td>-3.74**</td>
</tr>
<tr>
<td>Primary School Enrollment</td>
<td>-0.11</td>
<td>-3.42**</td>
</tr>
<tr>
<td>Life Expectancy</td>
<td>1.10</td>
<td>6.08***</td>
</tr>
</tbody>
</table>

Adjusted $R^2 = .45$

***$p < .005$ (one tailed test)
**$p < .05$ (one tailed test)
*p $p < .10$ (one tailed test)

NS = Not significant.

N = 360
Regardless of this, the model in Table 5.8 conforms to expectations in certain respects. All the coefficients, but one, are statistically significant. Civil Society, measured as freedom of participation ($B = 7.27$, $t = 4.96$, $p < .005$)

Table 5.8: Preliminary GLS-ARMA Diagnostics for Democratization Model: Economic and Political Effects on Democratization.

<table>
<thead>
<tr>
<th>Unit</th>
<th>Residual Mean</th>
<th>Residual Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mali</td>
<td>36.61</td>
<td>3.42</td>
</tr>
<tr>
<td>Senegal</td>
<td>-12.41</td>
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<tr>
<td>Benin</td>
<td>-15.90</td>
<td>0.76</td>
</tr>
<tr>
<td>Mauritania</td>
<td>13.61</td>
<td>0.98</td>
</tr>
<tr>
<td>Niger</td>
<td>8.91</td>
<td>0.99</td>
</tr>
<tr>
<td>Cote d'Ivoire</td>
<td>-16.93</td>
<td>0.91</td>
</tr>
<tr>
<td>Guinea</td>
<td>-15.15</td>
<td>0.62</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>3.92</td>
<td>0.92</td>
</tr>
<tr>
<td>Liberia</td>
<td>-3.95</td>
<td>0.87</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>12.00</td>
<td>1.08</td>
</tr>
<tr>
<td>Ghana</td>
<td>2.15</td>
<td>0.97</td>
</tr>
<tr>
<td>Togo</td>
<td>5.67</td>
<td>0.75</td>
</tr>
<tr>
<td>Cameroon</td>
<td>8.91</td>
<td>1.02</td>
</tr>
<tr>
<td>Nigeria</td>
<td>10.23</td>
<td>1.04</td>
</tr>
<tr>
<td>Central Afr. Republic</td>
<td>5.63</td>
<td>0.87</td>
</tr>
<tr>
<td>Congo</td>
<td>6.70</td>
<td>1.01</td>
</tr>
<tr>
<td>Zaire</td>
<td>1.66</td>
<td>0.89</td>
</tr>
<tr>
<td>Uganda</td>
<td>14.00</td>
<td>1.32</td>
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<tr>
<td>Kenya</td>
<td>0.82</td>
<td>0.82</td>
</tr>
<tr>
<td>Tanzania</td>
<td>7.36</td>
<td>1.00</td>
</tr>
<tr>
<td>Burundi</td>
<td>7.04</td>
<td>0.92</td>
</tr>
<tr>
<td>Rwanda</td>
<td>4.99</td>
<td>0.96</td>
</tr>
<tr>
<td>Somalia</td>
<td>-6.64</td>
<td>-1.21</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>20.20</td>
<td>1.06</td>
</tr>
<tr>
<td>Zambia</td>
<td>7.72</td>
<td>0.99</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>3.62</td>
<td>0.67</td>
</tr>
<tr>
<td>Malawi</td>
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<td>0.96</td>
</tr>
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<td>Madagascar</td>
<td>12.38</td>
<td>0.95</td>
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<tr>
<td>Mauritius</td>
<td>15.97</td>
<td>0.68</td>
</tr>
<tr>
<td>Sudan</td>
<td>2.37</td>
<td>0.74</td>
</tr>
</tbody>
</table>

$N = 30$
and Economic Change ($B = 0.17, t = 3.13, p < .05$) are statistically significant with the hypothesized positive signs, along with Life Expectancy ($B = 1.10, t = 6.08, p < .005$). The other coefficients, though statistically significant, are negative in varying degrees (see Table 5.8).

This model also has an adjusted $R$-square of .45.

A dummy variable, for Mali, was included in the model. The GLS-ARMA analysis results are reported in Table 5.9, and the GLS-ARMA diagnostics are reported in Table 5.10.

Freedom of participation by civil society comes out as the most positive and statistically significant coefficient ($B = 7.86, t = 5.7, p < .005$).

Table 5.9: GLS-ARMA Results for Main Democratization Model: Economic and Political Effects on Democratization.

<table>
<thead>
<tr>
<th>Variable</th>
<th>$B$</th>
<th>$t$</th>
</tr>
</thead>
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<td>Constant</td>
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<td>-7.86</td>
</tr>
<tr>
<td>Freedom in Participation</td>
<td>7.86</td>
<td>5.70***</td>
</tr>
<tr>
<td>Economic Change</td>
<td>0.15</td>
<td>2.89**</td>
</tr>
<tr>
<td>Debt Dependence</td>
<td>-0.03</td>
<td>-0.87NS</td>
</tr>
<tr>
<td>Debt Burden</td>
<td>-0.10</td>
<td>-0.87NS</td>
</tr>
<tr>
<td>SDR-Loan</td>
<td>-0.014</td>
<td>-0.18NS</td>
</tr>
<tr>
<td>Trade Liberalization</td>
<td>-0.014</td>
<td>-3.93**</td>
</tr>
<tr>
<td>Primary School Enrollment</td>
<td>-0.09</td>
<td>-2.76*</td>
</tr>
<tr>
<td>Life Expectancy</td>
<td>1.13</td>
<td>6.66***</td>
</tr>
<tr>
<td>Mali</td>
<td>27.42</td>
<td>6.94***</td>
</tr>
</tbody>
</table>

Adjusted $R^2 = .52$

***$p < .005$ (one tailed test).

**$p < .05$ (one tailed test).

* $p < .10$ (two tailed test).

NS = Not significant.

$N = 360$
Economic Change ($B = 0.151, t = 2.89, p < .05$) is also statistically significant. The second measure of capital, Debt Burden ($B = -0.103, t = -0.87$) is not significant at any level. Also insignificant is one of the measures of structural adjustment, SDR-Loans ($B = -0.0147, t = -0.183$). Though Debt Dependence ($B = -0.036, t = -2.02, p < .05$) is statistically significant, it, like debt burden, has a negative sign.

The second measure of structural adjustment, Trade Liberalization, ($B = -0.014, t = -3.93, p < .05$) is statistically significant, but it, too, is negative. Of the two measures of physical quality of life, Life Expectancy ($B = 1.13, t = 6.66, p < .005$) is statistically significant with a strong positive sign. Education, on the other hand ($B = -0.091, t = -2.76, p < .05$) is statistically significant, but negative. Mali, the dummy variable, becomes quite significant statistically ($B = 27.42, t = 6.94, p < .005$) and the residual variance is considerably reduced (2.35) to an acceptable range.

What are the implications of these varied results? First, that the freedom of participation variable is both statistically significant and positively related to the index of democracy indicates very profound impact on democratization in Sub Saharan Africa during the period of restructuring in the late 1980s -- an effect that is probably continuing. The data, therefore, clearly reveals
that the higher the level of participation of civil society in the political system, the higher the level of democratization.

Table 5.10: GLS-ARMA Diagnostics for Main Democratization Model: Economic and Political Effects on Democratization.

<table>
<thead>
<tr>
<th>Unit</th>
<th>Residual Mean</th>
<th>Residual Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mali</td>
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</tr>
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<td>Senegal</td>
<td>-11.12</td>
<td>0.52</td>
</tr>
<tr>
<td>Benin</td>
<td>-14.01</td>
<td>0.71</td>
</tr>
<tr>
<td>Mauritania</td>
<td>15.83</td>
<td>1.11</td>
</tr>
<tr>
<td>Niger</td>
<td>10.10</td>
<td>1.03</td>
</tr>
<tr>
<td>Cote d'Ivoire</td>
<td>-16.82</td>
<td>0.88</td>
</tr>
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<td>Guinea</td>
<td>-12.77</td>
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</tr>
<tr>
<td>Burkina Faso</td>
<td>5.64</td>
<td>0.98</td>
</tr>
<tr>
<td>Liberia</td>
<td>-1.22</td>
<td>0.83</td>
</tr>
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<td>Togo</td>
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</tr>
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<td>Nigeria</td>
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<td>1.06</td>
</tr>
<tr>
<td>Central African Republic</td>
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<td>0.95</td>
</tr>
<tr>
<td>Congo</td>
<td>8.39</td>
<td>1.09</td>
</tr>
<tr>
<td>Zaire</td>
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</tr>
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<td>Uganda</td>
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<tr>
<td>Kenya</td>
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<td>0.88</td>
</tr>
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<td>Tanzania</td>
<td>8.71</td>
<td>1.08</td>
</tr>
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<td>Burundi</td>
<td>7.47</td>
<td>0.97</td>
</tr>
<tr>
<td>Rwanda</td>
<td>6.75</td>
<td>1.01</td>
</tr>
<tr>
<td>Somalia</td>
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<tr>
<td>Ethiopia</td>
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<td>1.08</td>
</tr>
<tr>
<td>Zambia</td>
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<td>1.03</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>2.04</td>
<td>0.75</td>
</tr>
<tr>
<td>Malawi</td>
<td>10.28</td>
<td>1.02</td>
</tr>
<tr>
<td>Madagascar</td>
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<td>0.94</td>
</tr>
<tr>
<td>Mauritius</td>
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<td>0.785</td>
</tr>
<tr>
<td>Sudan</td>
<td>4.74</td>
<td>0.78</td>
</tr>
</tbody>
</table>

\(N = 30\)
How does the relationship between civil society and democratization come into play? Structural adjustment through liberalization of the market takes away the market functions that African states have incorporated into the state. In doing so, through privatization, trade liberalization, and other such policy measures, the power of the political leadership is steadily eroded. This erosion of authority and the empowerment of the groups that emerge from civil society to participate in the economy, and thus influence economic policy, sets the stage for eventual greater participation of these groups in politics. Their involvement in policy-making creates pressures for democratization of the polity. Economic change is also indicative of the same trend -- that is, the greater the level of positive changes in the economy, the more democratization there will be in the political system.

In the previous models, we found that economic changes bore a significant relationship to the evolution of civil society. We demonstrated that economic growth (measured as GNP per capita) had a significant relationship with structural adjustment. It then follows that structural adjustment, through the aegis of economic change, affects the rate of democratization in Sub Saharan Africa. Considering also that there is a statistically strong relationship between economic change and democratization, we infer that democratization is a function both of structural
adjustment and economic growth, which act to create a conducive environment for the elements of democratic change.

According to these results, debt dependence bears a negative relationship to democratization and debt burden is not significant. Our surmise is that these measures are essentially economic policy measures that should affect politics only indirectly. Considering that debt dependence had a positive and statistically strong relationship to both economic growth and civil society, and now that civil society has a positive effect on democratization, we can infer that there is an indirect rather than direct link between capital infusion into a country and its democratization. Since long term debts, occasioning debt dependence and SDR-loans, are sources of capital to a majority of Sub Saharan African countries, this means that capital penetration into a country does influence civil society by bringing about increased democratization. It is only by exploring the relationship between civil society and each of structural adjustment and democratization variables that one may discern this relationship between structural adjustment and democratization.

Perhaps some examples from Sub Saharan Africa would clarify the picture here. Malawi, Mauritius, Zambia, and Ghana, which borrowed heavily from international financial institutions in the late 1980s, had by the early 1990s begun to have significant improvements in their economies as
confirmed by recent reports (World Bank 1992, 1994). These countries have also witnessed a transition from authoritarian to democratic forms of government borne out by the recent smooth transfers of governmental power in those countries, Ghana in 1992 and Zambia in 1991.

The hypothesized relationships between economic growth and democratization and between structural adjustment and democratization are thus supported by these cases. This evidence is quite significant, because the countries of Sub-Saharan Africa in which monocephalism or single parties have given way to multiparty, pluralistic democracy or that show significant evidence of political liberalization, are the same ones that have borrowed most heavily externally and that have implemented substantially successful economic reforms. The only exceptions in this case are Kenya and Zaire, where probably a different set of factors prevent such changes from occurring.

Structural adjustment (SDR) loans and trade liberalization do not appear to have a direct effect on democratization. SDR loans were earlier found to have a weak relationship to the evolution of civil society but, in this model the relationship lacks significance. It cannot, however, be dismissed entirely that these structural adjustment variables affect democratization. Since they create the receptive environment for civil society to flourish, albeit weakly, it can be inferred that they indirectly affect
Trade liberalization’s negative sign indicates that its direct effect upon democratization is, in fact, negative. But one could argue that it has some impact indirectly, because from the economic model coefficient, trade liberalization has the strongest impact in determining economic growth \((B = .76, t = 24.56, p < .005)\).

What these imply is that some variables, while not directly influencing democratization, may be doing so indirectly, by setting the stage for the subsequent effects of direct variables on democratization. So, while the measures of structural adjustment do not have a direct influence on democratization, they appear to create the congenial conditions that enable civil groups to flourish, and hence aid emergence or evolution of civil society groups that are the first stages in the political liberalization process. The diffusion of power and the decentralization of the centers of decision-making, occasioned by the rationalization of economic activities shift power away from the usually authoritarian African state to other political players. These new players in the private and informal sectors and the denationalized state enterprises secure their new positions by active involvement in the way decisions are made.

Life expectancy is statistically significant, with a strong positive sign \((B = 1.13, t = 6.66, p < .005)\). This
means that a person's evaluation of his physical quality of life affects democratization. As a people's condition of living improves, their regime is more likely to become democratic. Given that economic change, in this model, has a profound impact on democratization, and that earlier in discussing that model, structural adjustment was seen to be affecting economic growth, it can be inferred that structural adjustment indirectly affects the physical quality of life of the people which, in turn, affects their support for democracy. Hence, continued structural adjustment implementation would drive rapid economic change, that would galvanize the people towards democratization.

However, educational attainment as one of the measures of physical quality of life does not conform to expectation. There exists evidence in the literature to suggest that the more money that was spent on education -- that is the education effort -- the higher the support for democracy. As a precursor, education was expected to correlate with economic growth (but did not), and then with democratization. The results of this analysis for education ($B = -0.091, t = -2.76, p < .05$) indicate that, contrary to expectation, education levels bear a negative relation to democratization. This appears to be the product of something already noted in the earlier discussion of education and both economic growth and civil society, which also revealed a negative relationship to education. Higher
primary education spending appears to slow short term economic growth, because it absorbs resources through taxation and slowed investments. Higher primary education is also associated with lower civil society activism, likely because more prosperous states (that is, that spend more on education) generate fewer grievances to mobilize civil society. Here again we find an anomaly -- lowered spending correlates with less democracy -- but it may be similar. Higher rates of public spending on primary education may occur in the more prosperous states, where pressure for democratization is somewhat less than in poorer states, because their regimes deliver more social services.

Overall, these results point to the pluralist upsurge that swept through Africa in the late 1980s and into the early 1990s. In African politics, the early 1990s marked a turning point in the open and sometimes militant demand for pluralism. By one account, demands for multipartyism were made in more than a quarter of the countries in the region in May 1991 alone (Africa Report 1991). Previously, such demands would have been made from exile or in the underground and would not even be reported in the media.

Also central to this development is the electoral defeat of some long entrenched political leaders -- Banda in Malawi, Kaunda in Zambia, Kerekou in Benin -- and the near defeat of some wily despots like Mobutu in Zaire, Biya in Cameroon, Eyadema in Togo, arap Moi in Kenya, and Bongo in
Gabon.

Overall, there is empirical evidence from this study that confirms many of the expected linkages between structural adjustment, socio-economic, and political factors and economic growth. There is also the evidence linking the evolution of civil society to a set of explanatory economic variables. In the final model, these have been tied together to explain the relationship between structural adjustment and democratization. What this implies is that economic growth influences democratization indirectly in part through the effects of economic change upon non governmental organizations in civil society. By influencing, through economic changes, the creation of civil society, economic growth affects the democratization process.

A Mini Global Comparison, by Regions

When compared with other regions of the world in regard to the performance of their countries on the democratization scale, the average score does indicate that Africa so far has not advanced very far in developing democracy.

As indicated in Table 5.11, aside from the Middle East, the Sub Saharan African region ranks the second lowest in the overall average annual index of democratic achievement. At 2.83, this is well below the world average of 9.41. Asia scores more than twice as high as Sub Saharan Africa, Latin
America almost four and a half times, and western Europe over eleven times.

Table 5.11: Yearly’ Average Regional Democratization Score

<table>
<thead>
<tr>
<th>Region</th>
<th>Democratization score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle East**</td>
<td>0.84 (7.60)</td>
</tr>
<tr>
<td>Sub Saharan Africa</td>
<td>2.83 (25.48)</td>
</tr>
<tr>
<td>Asia</td>
<td>5.85 (52.7)</td>
</tr>
<tr>
<td>Latin America</td>
<td>12.0 (108.0)</td>
</tr>
<tr>
<td>Western Europe#</td>
<td>31.2 (281.1)</td>
</tr>
<tr>
<td>World</td>
<td>9.41</td>
</tr>
</tbody>
</table>

Notes: * Overall regional scores are in parenthesis
** Middle East includes North Africa
# Western Europe includes Israel and Turkey


Since however, democratization is on-going in the region, and the structural adjustment programs are continuing to be implemented, though in fits and starts, one might expect that the score of Sub Saharan Africa on the yearly average democratization scale would improve with increased reforms in the economies of the countries in the region. It is important, however, to bear in mind that levels of democracy as measured by Vanhanen’s Index are still relatively low in Sub Saharan Africa and further social engineering through groups, and a market oriented
economic systems are necessary pre-requisites that will harness the future advancement of democratization in the region.
CHAPTER 6

CONCLUSION

This study has investigated structural reform policies embarked upon by Sub Saharan African countries, and examined with empirical data from this region the political, economic, and social consequences of such policies from 1980-1991. African countries chose to implement structural adjustment because of difficulties arising from poor financial and economic management of their economies. These problems forced these countries to resort to international financial institutions to finance their external balance of payments and other external liabilities. International lending institutions made the adoption and implementation of structural adjustments a condition for the loans they extended. Structural adjustment has instituted a harsh economic reality for these nations, requiring currency devaluations, trade liberalization with the removal of tariffs, removal of subsidies for social programs, and privatization of inefficiently-run state owned enterprises.

Various studies, as summarized by Gibbon (1992), indicate that structural adjustment has been followed by the emergence of "pressure towards multi-party democracy" in the region. The outcome of this in the political economy of Africa has been to associate structural adjustment with the
process of democratization. This study set out to empirically examine this relationship in the African case and to identify any other factors that would also be contributing to the emergence of democracy in the region. The basic assumption I have made is that the same forces that drive the institutionalization of a market system also influence political liberalization and democracy in Africa. The dynamics that drive economic choice will eventually generate a pattern of social and political formation producing a political system that is based on the rule of law, civil and political liberties, and a stable political system. This is assumed to be so because civil society embodies an ideal that organizes, in a mutually interlocking way, the divergent expectations of both the individual as person, and the individual as a member of a group. As one observer has noted, civil society "harmonizes conflicting demands." (Seligman 1992).

Using the three approaches to the study of development in comparative political economy -- classical, dependency, and neoliberal perspectives -- models of economic growth, civil society and democratization were derived. Using these frameworks, I tried to answer the questions as to what drives economic growth, what the relationships between economic change and civil society are, and whether structural adjustment is associated with democratization. At each level of the analysis, data collected on these
variables from Sub Saharan African countries were used in a pooled cross sectional time series analysis to test the various hypotheses that were stated for these relationships.

In tracing the nascent relationship between structural adjustment and political liberalization, I examined the evolution and impact of civil society as a means of assessing how group action, openness, and popular participation conditioned the emergence of democratization in Africa during this period.

The theories tested have not been supported in all respects by the data. With respect to the relationship between structural adjustment and economic growth, we find that the data indicate the predicted economic growth. The claim of the classicals that developing economies require a dose of foreign capital to develop is partially supported by our data. One decade of IMF, World Bank, and other private multilateral lending agencies and organizations' loans to Africa has resulted in insignificant and sporadic economic growth. With the exception of Ghana, Nigeria, Zimbabwe, Burkina Faso, Zambia, and Tanzania, most African countries recorded negative growth, or at best very small economic growth, in the 1990s (see World Bank 1994 for a more detailed discussion).

I also examined the impact of debt burden arising from external finance capital. This variable produced the expected negative impact on economic growth, further
confirming the expectation that gains derived from capital infusion are negated by the structure of debt burden. My findings, therefore, confirm the dependency theory argument that capital infusion from abroad does not lead to economic growth. Thus, at least for this subset of 30 Sub Saharan African countries during the 1980-1991 period, dependency theory arguments are borne out that the cumulative effects of foreign capital, debt dependency, and debt burden will drag down economic development rather than promote it.

The value of trade liberalization as an avenue to growth has been confirmed by my findings. More than other factors examined, opening up trade has provided a successful strategy to promote short-term growth. This finding lends credence to the arguments of the classical theorists, especially, the Rostowian prescription that international trade is the best avenue to obtaining capital resources that will lead to meaningful economic development in developing countries.

Surprisingly, education was not confirmed as significant to economic growth. I have speculated above that the high public sector costs of education services may cause it to serve as a drag on economic growth in these weak economies. This suggests that a cruel paradox faces Sub Saharan African states: whether to promote the development of future generations or to sacrifice it for short-term economic growth. But life expectancy, another measure of
the quality of life of the population, consistently bears a positive and statistically significant relationship to economic growth. This suggests that generally good social conditions provide an environment amenable to economic growth.

Overall the economic model confirms that the structural adjustment programs through which capital infusion is made into Sub Saharan African countries have only a negligible impact on economic growth. The findings also indicate that the structural adjustment approach to stimulating economic growth has its own shortcomings both in the short and long run.

The second model tested confirms that high rates of change in the level of economic development affect people's patterns of living and galvanize them to mobilize to protect their interests. The implication is that economic changes would lead to the evolution of civil society. The forces behind economic change measured here -- debt dependence, debt burden, capital, and structural adjustment -- institute uncertainties and disruptions in the economy that profoundly affect people's life chances and move them to organize. In this model I establish the empirical link between structural adjustment and civil society.

I have tried here to examine a hitherto neglected aspect of the on-going debate about the relationship between economic development and democratization (see, for instance,
Poe and Tate 1994, Rueschmeyer, Stephens, and Stephens 1992, Bollen and Jackman 1985, Cutright 1963). These studies found a strong relationship between economic development and democracy. What I have done here, on the other hand, is to further explore this relationship by focusing on the nature of group interaction and response to changing economic situations arising from structural adjustment. The political behavior arising from this perception by groups of the endangerment or security of their interests in the political system is what impels them to participate in politics. Such has been the case in Sub Saharan Africa in the 1990s.

It is perhaps, not enough to assume these relationships in the process of asserting that economic growth drives democracy (or vice versa). It is vital to assess how the so-called pocket book analysis of the macroeconomic performance of the government galvanizes people into groups, and how these groups subsequently contribute to a pluralist democracy. It is the plurality of participation by individuals and the associational universe of civil society that promotes democratization and should be rightly emphasized in the study of democracy. Structural adjustment may be peculiar to struggling developing countries, but similar policy interventions in other economies could well form the basis for similar studies that could really tease out the undercurrents of groups or civil society in
promoting democracy.

In the third model I demonstrated that structural adjustment leads to democratization by indirectly stimulating economic change. Economic change, in turn, stimulates increased civil society, and civil society promotes increased democratization. Democratization is achieved through the liberalizing influence of group participation by civil society. Economic growth generates the momentum that activates group participation. When we recall that most of Sub Saharan African countries, were under authoritarian regimes in the 1980s, any civil society participation was expectedly anti-state and anti-authoritarian.

This model established the connection between structural adjustment and democratization by drawing on the relationships found earlier between structural adjustment and economic growth, between economic change (a product of economic growth) and the evolution of civil society, and between civil society and democratization. Through this three step approach, I have confirmed that economic growth, through the perturbations and influences that it institutes in the economy, leads to democratization. Since structural adjustment does lead to economic growth, I also extrapolated that structural adjustment also leads -- albeit indirectly -- to democratization.

The data from Sub Saharan Africa therefore confirm that
structural adjustment of these countries during the 1980s, resulted in very little, and in some cases inconsequential, economic growth. On the other hand, structural adjustment has led to substantial changes in the pattern of political participation in the region. This has resulted in the emergence of embryonic democratization.

In modeling each of the three theoretical approaches, twenty hypotheses were derived from the theory. However, several of these hypotheses were duplicated as the relationship among the variables were stated under the various theories. A review of the hypotheses yielded eight distinct hypotheses, which have been tested in the previous chapter. There is need to again see how each of these hypotheses holds in respect to the three theoretical perspectives examined earlier in the study, to enable their comparative evaluation.

The first hypothesis sought to establish the relationship between capital inflow into a country and economic development. All three economic theories express this relationship. From the results (of both the preliminary and the respecified models) this hypothesis was partly supported. The data show that foreign capital in its various forms and ramifications has only but a slight effect on the development efforts of Sub Saharan Africa. What this finding suggests is that those countries in Africa that opted to accept loans from international financial
institutions may not have made the right decisions. This finding is, however, consistent with the view of dependency theory that foreign capital is detrimental to economic growth in developing countries and will only lead to further debt. However, the contention by dependency theory that foreign capital infusion will not lead to democracy is not supported by the data in the light of the number of democratic transitions recorded during the early 1990s in Sub Saharan Africa.

Another hypothesis is that economic change promotes increased political mobilization. In essence, as a country's economy experiences rapid changes, it provides more impetus to action to the various groups and organizations seeking to promote or defend their interests. The data provide us interesting evidence in this regard. Economic change promotes civil society activity in Sub Saharan Africa. Further, the results show that such civil society is significantly and positively associated with democratization. This confirms that civil society lives up to the role attributed to it in some previous studies (for example, Grosh 1995).

A simple explanation is possible here. As structural adjustment changes are made, political elites lose power. Diffusion of power to small centers of development decision making empowers and emboldens civil society to become ever more active. The inference is that structural adjustment
may lead more toward democratization than it does to economic growth. This apparent anomaly, however, is not terribly surprising because the rate of economic growth in Africa is so dismal.

One must, however, point out that the democratic civic tradition is very incipient in Africa today and care must therefore be taken in deciding what group to include in it. What sometimes pass for civic organizations, in some studies, might just be protest groups whose end is to assume the positions of the incumbents, but are not possessed of the true democratic traditions that will make for enduring political liberalization and democratization. This explanation must be taken seriously because sometimes being in politics is quite rewarding in Africa, not because of the responsibilities leadership bestows but because of the privileges and perquisites of office, and the vast loopholes that incumbents can exploit to their personal advantage. Moreover, political aspirants may jettison the democratic ideals they espouse only long enough to obtain a political advantage or office, regardless of how democratic it may be.

One may cite several instances from Sub Saharan Africa of so-called democrats, or democratic charlatans reversing themselves to support authoritarian or military regimes, when patronages are extended to them. In 1993, a Nigerian presidential candidate, Moshood Abiola, and his running mate, Babagana Kingigbe, had the election which they had
almost won annulled by the military. Three fourths of the election’s results had been announced in nineteen out of Nigeria’s thirty states. A few months later the military overthrew an interim government that was installed after the annulment and assumed full reins of power. When the junta offered Babagana the position of foreign minister, he wasted no time in denouncing the democratic route he had been plodding along not too long before, and accepted the ministerial position. Also in the same cabinet were more than a dozen persons who had been popularly elected to various positions in the general elections that preceded the presidential elections.

A similar situation had occurred in Senegal in 1991 when President Abdou Diouf successfully diffused the demand by the opposition for a multiparty democracy by appointing them to the government cabinet. The main opposition leader, Abdoulaye Wade, was made the Minister of State and the head of the Communist Party, Amath Dansoko and three others became ministers (Fatton 1992 p.105). This diffused the demands for a political change in Senegal.

While these findings reveal much about the role of civil society in Africa, further research needs to be conducted regarding the development of the civic traditions that undergird democracy in the long run. As Wunsch (1995) points out, "recent democratic reforms for the most part are disconcertingly similar to those of the 1960s." During this
period, the indigenous intelligentsia simply wanted to push out the European political powers and to assume their positions without the active involvement of the masses of the population. Thus today, there is still "little sign of an emerging grass-roots political culture" (Wunsch 1995). Iheduru (1994a) pleads for a proper distinction between civil society and state organizations in order to avoid "ill definition" and amorphousness of the concept. What has been labelled civil society in some studies (notably Chazan 1988a) might merely be urban political and professional middle class elements, ethnic chieftains, and members of the business class, whose main interest is to capture the prized political positions of their opponents.

This study has carefully drawn such a distinction and rightly includes only non governmental organization. We have here shown that the implementation of structural adjustment has enhanced the political access that is essential to promoting a civic culture of participation and discourse. The structural adjustment-democratization link is particularly dramatic when one notes that the implementation of these programs has in most cases taken place under repressive authoritarian or despotic military regimes. The impact of civil society on democratization can only be felt after the structure of control of participation is reduced to provide a political space for the activities of non governmental organizations. The guarantees of
political and civil liberties, and the tolerance of opposition parties in almost all countries in Sub Saharan Africa in the late 1980s and early 1990s is an indication that authoritarian regimes were beginning to grudgingly grant political space, but not sufficiently for rapid democratization.

The next two hypotheses argue that increased foreign capital dependence will result in higher levels of structural adjustment. That is to say that those countries that receive more capital are those that are restructuring most and therefore are more likely to be undergoing faster democratization. SDR-Loans and debt dependence, are very significant in the first model of the analyses, though the latter is less so. The data confirm our hypotheses that adjustment leads to economic growth and eventually to democratization. An examination of the residual means for the economic model, shows that Zambia, Mauritius, Cameroon, and Ghana had the highest levels of economic growth. Once again, evidence from the region demonstrates that the more restructured a country is, the more successful it is in establishing political liberalization.

Our three last hypotheses posit relationships between structural adjustment and the increases in the level of exports, civil society, and higher levels of economic development, respectively. These hypotheses are drawn from the neoliberal theory. The data are partially consistent
with the hypothesis linking structural adjustment to economic growth. Evidence from Sub Saharan Africa does not show the expected economic progress predicted by the neoliberals. This is especially so when one looks at the yearly percentage changes in gross national product per capita, which has precipitously fallen since 1983. However, the data leads one to conclude that structural adjustment, while not promoting economic growth, does lead to political development in Africa. The hypothesis expressing the influence of structural adjustment on the mobilization of civil society is confirmed.

Considering that the parameter estimate for this variable is quite significant in the model, the data confirm the hypothesis that structural adjustment would increase the participation of non governmental groups under authoritarian regimes. An indication of the reality of this development is the number of subterranean political associations that usually emerge onto the national political scene once a ban on the opposition parties is lifted or when the single party begins to "evolve into a multiparty system" as in Mozambique in 1990. Another example is when the dominant party permits a revision of the constitution in favor of "bringing about political pluralism" as was the case in 1990 in Niger and Kenya (Africa Research Bulletin 1990).

A final hypothesis regarding the relationship between structural adjustment and trade liberalization is also
confirmed by the data. This indicates that during the 1980s, trade liberalization was an important factor in economic development.

Overall, the results of the entire analysis have produced one very interesting result, and that is that structural adjustment, as such, does not lead to economic growth. The data from Sub Saharan Africa lead us to conclude that, in spite of the huge capital infusion into these countries, their economies had not shown any significant increases in growth in the more than one decade of structural adjustment. What this implies is that the way to solve the problems of the economies of Sub Saharan Africa may not be just to throw money at them. In the light of these results, I conclude that the claims of neoliberalism and its adherents regarding the advantages of the approach are seriously flawed. While one could concede that structural adjustment may be necessary for economic growth, it may however, not be a sufficient condition for overall economic growth. Sound political and economic institutions, investments in human resource and infrastructural development may in the end have some role to play.

There may exist several reasons for this lack of correlation between capital infusion and economic growth in SSA. It could be that the span of time studied is not long enough to do a realistic evaluation of the effects of restructuring on economic growth in the region. The effects
of these macroeconomic changes take a long time to gestate and thus it might be too soon to see much effect. This agrees with the caveat by the World Bank (1994), in its own study covering 1986-1991, that a "short time period under study" could contradict or undermine the positive relation in the long term between structural adjustment and economic growth.

Secondly, there is perhaps a contextual limitation to the use of these data in estimating economic growth in Africa. More than half of the economic activities in Sub Saharan Africa are in the informal sector. These activities are usually not counted in estimating production and, hence, are excluded from the Gross Domestic Product estimates. Such an exclusion does not adequately cover the rate of growth as recording the value of all goods and services produced in the economy. Estimates drawn from the data available from international organizations thus recognizes only a fraction of the overall production in the economy.

The most intriguing finding of this study is that structural adjustment leads to the evolution of civil society through the formation of groups. Further, through activating civil society, structural adjustment also leads to democratization. The novelty of this finding is in establishing the mediating role of civil society in the democratization process. That is to say that structural adjustment by itself would not lead to democratization until
it has generated the sensitivities that drive people into groups as a means of obtaining and defending their interests in a political system.

These findings should, however, be interpreted with caution because the interplay of factors that influence any set of outcomes in any social system are subject to change within the context of each event. For instance, while the role of civil society as precursor of democracy has appeared strong in this study, additional research still needs to be done. We can, however, say that structural adjustment policies, where fully implemented, do affect the beginning of the democratization process, but whether they would lead to democratic consolidation over time still needs to be seen and possibly researched.

Policy Implications and Recommendations

The findings have policy implications, especially if the long term implementation of structural adjustment policies is expected to lead to more sustained economic growth and hence to more stable democratic growth. The evidence presented here shows that this has eventuated in only a few areas of Africa -- especially in Uganda, Cote d'Ivoire, Malawi, Mauritius, Ghana, and Zambia -- and is beginning to yield results in Kenya, Nigeria, Cameroon, Tanzania and Zimbabwe. But this is a small number relative to the number of African countries that underwent structural adjustment in the 1980s. It might, on the other hand, be argued that
neoliberal economic restructuring more than any known reform approach results in political liberalization in Sub-Saharan Africa.

What does this imply for international financial institutions? It might be a good idea for future economic assistance to Sub-Saharan Africa to be tied to conditions providing for the availability of the basic elements of democratic institutions. Such conditions as guarantees of civil and political rights, free, fair and periodic elections, and the rule of law should be demanded.

To empower non-governmental organizations and involve them in the implementation of programs, the initial structure of the aid packages must be specific about their roles, rather than expect national political elites to incorporate the civil society at its discretion. Economic growth and political development might in the long term be dependent on civil society, but the environment of politics and political action must first be made congenial for their participation.

Secondly, this study does show that international pressure in both the economic and political arenas is important in promoting democratic transition and democratic consolidation in Sub-Saharan Africa. The pressure exerted by the international lending institutions regarding the liberalization of the economy in the long run, as here demonstrated, would subsequently lead to democratization.
Finally, the structuring of adjustment programs and their implementation must be pursued in such a way that the adverse economic repercussions rampant across Africa do not impede the effects of structural adjustment on democratization. A sudden loss of both economic and political power could result in repressive measures by authoritarian regimes and thereby stifle the incipient democratic institutions, and in turn creating more instability. International lending institutions, multilateral and bilateral agencies have a role to play in helping Sub Saharan African, and by extension other developing countries, to sustain the momentum of the democratization process through aggressive structural adjustment programs that are feasible economically.
APPENDIX
Appendix I: Variable Description, Labels, and Data Sources

Dependent Variable:

Democratization=(VANHDEMO) Derived from Vanhannen’s Index of Democratization (I.D.) and is indicated as the index of power distribution in the electorate through popular distribution in the electoral contestation. Sources: Vanhannen 1990 (1980-1988), Extended to 1990 based on Vanhannen’s criteria and formula.

Independent variables:

Change % in GNP/C.


Debt Dependence:


Structural Adjustment


Life Expectancy = (LIFEXP) at birth, is the number of years that a newborn infant would expect to live if the prevailing patterns of mortality for all people at the time of its birth would remain the same for its entire life


Appendix II: Correlation Matrix of Variables for All Countries

<table>
<thead>
<tr>
<th></th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>J</th>
<th>K</th>
<th>L</th>
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<tbody>
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<td>0.239</td>
<td>0.166</td>
<td>-0.223</td>
<td>0.174</td>
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<td>L</td>
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<td>0.588</td>
<td>0.388</td>
<td>0.204</td>
<td>0.287</td>
<td>0.151</td>
<td>-0.264</td>
<td>0.119</td>
<td>0.784</td>
</tr>
</tbody>
</table>

Legend of Variable Labels:

D = Gross National Product per Capita
E = Vanhanen Democracy - Index of Democratization
F = Debt Dependence
G = Debt Burden
H = Special Drawing Rights Loan
I = Trade Liberalization
J = Primary School Enrollment
K = Life Expectancy
L = Per Capita Gross Income
O = Freedom of Participation - Civil Society
### Appendix III: Means and Standard Deviations, All Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>435.106</td>
<td>327.822</td>
<td>99</td>
<td>2410</td>
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<tr>
<td>E</td>
<td>25.177</td>
<td>41.035</td>
<td>0</td>
<td>99</td>
</tr>
<tr>
<td>F</td>
<td>73.567</td>
<td>53.219</td>
<td>2.6</td>
<td>282</td>
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<tr>
<td>G</td>
<td>15.490</td>
<td>10.404</td>
<td>0.5</td>
<td>70</td>
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<tr>
<td>H</td>
<td>5.581</td>
<td>15.913</td>
<td>0</td>
<td>137.8</td>
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<tr>
<td>I</td>
<td>34.058</td>
<td>28.539</td>
<td>0</td>
<td>99</td>
</tr>
<tr>
<td>J</td>
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<td>39.501</td>
<td>0</td>
<td>99</td>
</tr>
<tr>
<td>K</td>
<td>49.673</td>
<td>5.549</td>
<td>38.2</td>
<td>70.1</td>
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<tr>
<td>L</td>
<td>48.946</td>
<td>51.692</td>
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<td>99</td>
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<tr>
<td>O</td>
<td>3.76</td>
<td>1.95</td>
<td>0</td>
<td>6</td>
</tr>
</tbody>
</table>

**Legend of Variable Labels:**

- **D** = Gross National Product per Capita
- **E** = Vanhanen Democracy - Index of Democratization
- **F** = Debt Dependence
- **G** = Debt Burden
- **H** = Special Drawing Rights Loan
- **I** = Trade Liberalization
- **J** = Primary School Enrollment
- **K** = Life Expectancy
- **L** = Per Capita Gross Income
- **O** = Freedom of Participation - Civil Society
Appendix IV: List of Sub Saharan African Countries

Benin
Botswana
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Comoros
Congo
Cote d'Ivoire
Equatorial Guinea
Ethiopia
Gabon
Gambia, The
Chana
Guinea
Guinea-Bissau
Kenya
Lesotho
Madagascar
Malawi
Mali
Mauritania
Mauritius
Mozambique
Namibia
Niger
Nigeria
Rwanda
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
Sudan
Swaziland
Tanzania
Togo
Uganda
Zaire
Zambia
Zimbabwe

Appendix VI: Map Showing Sub-Saharan African Countries.
Appendix VII: Components of Long Term External Debt.

TOTAL EXTERNAL DEBT (EDT) *

TOTAL LONG-TERM DEBT

PUBLIC & PUBLICLY GUARANTEED (PPG)  PRIVATE NON-GUARANTEED (PNG)

OFFICIAL SOURCES  PRIVATE SOURCES

MULTILATERAL  BILATERAL

BONDS  COMMERCIAL BANKS  OTHER PRIVATE

* Includes use of IMF credit and short-term debt

Appendix VIII: External Debt Flows.

CREDITOR TO DEBTOR

DISBURSEMENT

minus

AMORTIZATION

equals
NET FLOWS

plus

INTEREST PAYMENT

equals

TOTAL DEBT SERVICE

minus

equals
NET TRANSFERS

REFERENCES


