ECAS 2013
5th European Conference on African Studies
African Dynamics in a Multipolar World

ISBN: 978-989-732-364-5

GOVERNANCE, ECONOMIC PERFORMANCE AND POPULAR WELFARE IN AFRICA: IS THE LINK CLEAR?

Olivier M. Mbodo
Université Laval (Québec), Canada

Olivier-mbenza.mbodo.1@ulaval.ca

Abstract

After the collapse of the Berlin Wall in 1989, the process of democratization was back in Africa once again[1]*. Today, every country in the whole continent had undertaken or expressed (even by being forced) the will to undertake the democratization process*[2]*. The reason? After 30 years of authoritarian regimes which have led the countries to bankruptcy, the democracy has been seen by many as a panacea, as the only thing that will bring African countries to both economic growth and popular welfare.*

My purpose is to see, in an African framework, whether the link between democracy, economic performance and popular welfare is clear. After 20 years of democratization process, it is time to ask: did the democratization process lead the African countries to reduce the inequalities between poor and rich people? The question is the most relevant, to both theorists and empiricists, because the failure to reduce mass poverty has the potential to endanger the democratization process. Francis Fukuyama notes that "[m]any democratic transitions have been stalled or threatened by the existence of large inequalities and high degrees of polarization between rich and poor." (Fukuyama, 2012: 4.) The populism in Latin America gives us a perfect example of the phenomenon: "[…] poor people, asserts Mark F. Plattner, unhappy with their meagre share of the nation's prosperity have been attracted by political candidates whose commitment to democracy is doubtful" (Plattner, 2012: x). In the same vein, let us quote Nancy Bermeo: "Scholars claim that […] [economic inequality] has a strong negative effect on political interest, and that it boosts support for populism, personalism, human-rights abuses, and the acceptance of authoritarian rule. (Bermeo, 2012: 18)

In the following, we are going to analyse the relationship between governance, economic performance and popular welfare. Firstly, we study the link between the type of political regime (democratic/non-democratic) and the economic growth in Africa: is the link clear? Can we assume, on the basis of available data, that the African democratic countries perform economically better than the non-democratic? Secondly we study, always in a comparative perspective, the link between the type of political regime and the progress of prosperity: does the prosperity progress over the time in Africa regardless to the type of political regime? To conclude the analysis, we discuss the paradox of economic growth that we see in Africa and its risk.

[1]. The return of democracy in Africa in the aftermath of Cold War is certainly part of what Samuel Huntington called in 1991 *The Third Wave: Democratization in the Late Twentieth Century*.

[2]. In 2010, Larry Diamond wrote that according to Freedom House, at the time, "fully half the 48 states of sub-Saharan Africa […] are democracies today […]" (Diamond, 2010: 47).

1. The link between political regime and economic growth in Africa

Are the democratic regimes witnessing better economic performance in Africa? It is well known and broadly recognized that in Africa, the lack of good governance explains the marginal position of the continent in the economic field. From 1960 to 1990, most African countries have been ruled by dictatorial regimes. As Lewis described them, in such regimes, the rulers have no or little accountability to their people; they maintain a political control over the countries through patron-client networks and authoritarian institutions; they have broad (we would say total) latitude in the use of the national resources, in fact they serve as "gatekeepers" who control the access to resources, market opportunities and to jobs (Lewis, 2012: 123).

Since the 1990s, we said it, most of African countries have undertaken democratization process or expressed the will to do so. However, many of them did it in a doubtful manner. To say it frankly, in the case of African countries, the way to democracy is not easy[3]. So do we distinguish two groups of countries: the democratic and the non democratic. In this point, we are going to compare them to see whether the economic growth is better in democratic countries or not.

In the normal course of events, one expects that the economic growth be much better in the democratic countries. As Lewis pointed it out, the link between political regime and economic growth had several foundations:

- the existence of an "elective affinity" between democracy and markets : both rely on an open information, a freedom of choice and decentralized decision making;
- the democracy systems also rely on the accountability to the voters;

[3]. We can evocate the book from Stéphane Scrive (2009), *La crise de la démocratie en Afrique. L'exemple du Togo.*

- in the 1990's, the catalysts of popular protest mobilized around issues like corruption, budgetary transparency and legal reform. (Lewis, 2012: 124-125).

To summarize these three foundations, we can say that the democracy brings or is supposed to bring political and social stability in the country, which creates a safe environment for investors and business. Let us see in which extent this happened to Africa.

Peter Lewis (2012: 126-127) writes that more recently, many studies concluded that "democracies do register advantages in economic performance when compared to authoritarian states". In the same vein, no one can ignore the work from Brian Levy "Are Africa's Economic Reforms Sustainable? Bringing Governance Back In" (2006). In his study, Levy analyses the impact of economic reforms on the economic growth among 21 countries across Africa. Levy divides those countries into three groups according to whether they are opened to the structural adjustment program led by the IMF and the World Bank since the 1980s. The first group, the "*Sustained Adjusters*" includes the only ones which remained fully "on-track" in their economic reforms throughout the 1988-96 SPA 1-3 programs (Benin, Burkina Faso, Ghana, Malawi, Mali, Mozambique, Uganda, and Zambia). The second group, the "*Later Adjusters*" is maid by the countries witch have undertaken strong policy reforms in the 1990s, and had continued to do so until the end of 2001 (Cameroon, Chad, Guinea, Madagascar, Mauritania, Niger, Senegal and Tanzania). The third group, the "*Governance Polarized*" includes the countries witch began some policy reforms during the 1990s (Côte d'Ivoire, Kenya, Nigeria, Togo and Zimbabwe), but had to end them because of some kind of domestic political disruption. (Levy, 2006: 134)[4]. Levy

[4]. Peter Lewis who read the work from Levy suggests that the *Sustain Adjusters* (the better-adjusting countries) are those countries witch are democracies and transitional states while the Late Adjusters "were predominately non

concludes that “the reform process has helped to improve the performance of many African economies” (Levy, 2006: 126). For the first group, the *Sustained Adjusters*, “the sustained commitment to policy reform since the latter 1980s appears to have paid off, with growth accelerating in each of these countries”, Levy wrote (2006: 134). These findings are backed clearly by the table below, for the period of 1996-2000.

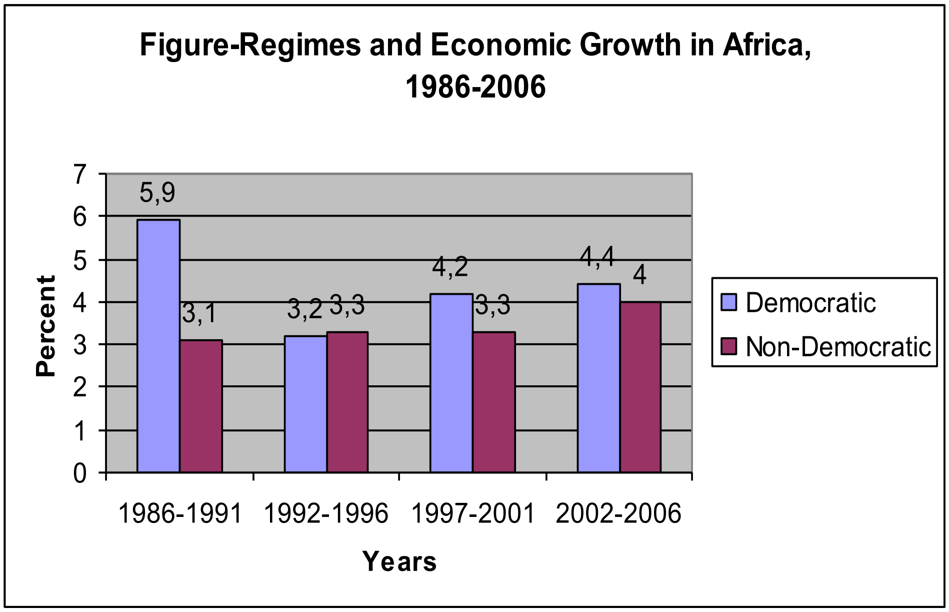
Table1. The impact of Economic reforms on economic growth in Africa

Group	1975-84	1985-89	1991-96	1996-2000
1. Sustained Adjusters	1.7	3.2	3.7	4.7
2. Later Adjusters	2.4	2.7	1.9	4.2
3. Governance Polarized	2.3	4.1	2.3	1.4

Source : World Bank, *African Development Indicators* (2002),in Levy (2006 : 134)

Peter Lewis who analyses the link between the type of regime and the economic growth, concludes among many, we said it, that the democracies perform economically better than the non democratic countries do. Lewis also mentions the broader multicountry study from the African Economic Research Consortium that strongly affirms the link between type of regime, governance and economic performance (Lewis, 2012: 126). To illustrate that shared view, Lewis gives us the figure bellow showing the performance of African countries according to the type of regime and to the economic growth.

democratic. The *Governance Polarized* includes those states which were authoritarian regimes at the time of the study. (Lewis, 2012: 126.)



Source. Peter Lewis, "Growth without prosperity" (2012:127)

For the period 1992-1996, democracies are slightly let behind by nondemocracies, what is quite normal. Let us remember that we are at the beginning of the democratization process in Africa. As Lewis notes: "During the early 1990s, the number of democracies increased, as numerous countries experienced turbulent reforms. Political transitions were often disruptive and frequently coincided with economic distress." (Lewis, 2012: 126).

During the next period (1997-2001), as the democracies were regaining stability, their economic growth accelerated, overtopping by far the nondemocracies. In the long term, the data in the figure above suggest that the African democracies perform better economically than the nondemocracies. From 1992 to 2006, the democracies growth gained 1.2 point of percentage while the nondemocracies gained only 0.7 point of percentage. So we do agree with Lewis and other scholars that in the long term the democracy offers an economic advantage to those African countries who are determined to engage the process.

2. The link between political regime and the progress of prosperity in Africa

The question that we have to answer is: in Africa, does the prosperity progress faster in democracies than it does in nondemocracies? To compare them, let us use the United Nations Human Development Index (HDI), 2012. The table here bellow indicates the HDI and the rank for each Sub-Saharan country in 2012. There are two things to consider: the HDI itself and the country's rank in 2012.

According to the HDI, a quick look to the table shows that almost all the countries with a HDI above 0.55 are democracies. It is the case for Botswana (0.67), Cap Verde (0.59), Ghana (0.56), Mauritius (0.74), Namibia (0.63) and South-Africa (0.63). The only one exception is Gabon which has 0.68 of HDI in 2012. Gabon along with Congo-Brazza (0.53), Equatorial-Guinea have in common the fact that there are very small countries, exporting much oil. So the fact that their HDI is high is not a surprise. On the other side, one can say that the countries with the lower HDI are the more reluctant to democracy or to tell it in other words, they do a democracy "de façade": Burkina Faso (0.34), Burundi (0.36), Central Africa (0.35), Congo Kinshasa (0.30), Guinea (0.36), Niger (0.30), Chad (0.34), and Zimbabwe (0.40).

When it comes to the rank, the data in the table show that a small number of African countries are ranked at the 135^{e} position or lower: Botswana (119), Cap Verde (132), Gabon (106), Ghana (135), Mauritius (80), Namibia (128), South-Africa (121). As we have seen before, almost all these countries are democracies. Gabon is once again an exception. On the other side, the countries ranking higher (175 and above) are those reluctant to democracy: Burkina Faso (183), Burundi (178), Central Africa (180), Chad (184), Congo-Kinshasa (186), Guinea (178), Niger (186).

Save the Oil exporters, the relationship between HDI, the rank and the acceptance of democracy is clear: the higher the HDI, the lower the rank and the greater the chance it be a democracy.

Table2. Human Development Index (HDI) for Sub-Saharan countries, 2012

Country	2012	Rank/187	Country	2012	Rank/187
Angola	0.51	148	Liberia	0.39	174
Benin	0.43	166	Madagascar	0.48	151
Botswana	0.63	119	Malawi	0.42	170
Burkina Faso	0.34	183	Mauritius	0.74	80
Burundi	0.36	178	Mauritania	0.47	155
Cameroon	0.50	150	Mozambique	0.33	185
Cap Verde	0.59	132	Namibia	0.61	128
Central Africa	0.35	180	Niger	0.30	186
Chad	0.34	184	Nigeria	0.47	153
Congo-Brazza	0.53	142	Rwanda	0.43	167
Congo-Kinshasa	0.30	186	Senegal	0.47	154
Djibouti	0.43	164	Sierra Leone	0.36	177
Eritrea	0.35	181	Swaziland	0.54	141
Ethiopia	0.40	173	South-Africa	0.63	121
Gabon	0.68	106	Sudan	0.41	171
Ghana	0.56	135	Tanzania	0.48	152
Guinea	0.36	178	Chad	0.34	184
Guinea-Bissau	0.36	176	Togo	0.46	159
Guinea-Equatorial	0.55	136	Uganda	0.46	161
Ivory Coast	0.43	168	Zambia	0.45	163
Kenya	0.52	145	Zimbabwe	0.40	172
Lesotho	0.46	158			

To conclude: The paradox of economic growth without prosperity in Africa and its risk

The analysis in points 1 and 2 confirmed the assumption that among the African countries the democracies improve their economic growth and the progress of their prosperity much better than the non democracies do. However, to put the things in perspective, its true to say that the African democracies hold a *narrow* advantage over the nondemocracies. The slight advantage that we have recognized is not as strong as to reduce the mass poverty. Today we are witnessing a paradox in Africa where the enjoyable economic growth is not able to bring mass prosperity.

Over the last decade, many African countries have undertaken great macroeconomic reforms witch allowed the regional economic growth to accelerate. The Sub-Saharan economic growth remained strong (over 5 %) in the last few years (IMF, 2012). In fact, in the region, the Oil-exporting countries witnessed a GDP growth of 6.7 % in 2012; 5.9 % for the Low-income countries and 6.6 % for the fragile countries (IMF, 2012).

Unfortunately, as Peter Lewis pointed it out: “In most countries, however, economic expansion has not been accompanied by raising incomes on popular welfare.” (Lewis, 2012: 125). Whether the African macroeconomics indicators are good, they are not accompanied by any social progress. We have seen in point 2 that no Sub-Saharan country ranks among the first 100 countries according to the United Nations *Human Development Index* (2012). Furthermore, almost the 40 less ranked around the world are Sub-Saharan countries. So in the region, strong macroeconomic indicators are hiding a remaining mass poverty.

The paradox of economic growth without prosperity that we are underlining can be seen as a source of concern. Let us remember that in the early 1990’s people in Africa believed in democracy. They were confident that the return of democracy will make their economic and social lives better. But 20 years later, they are still waiting. According to Lewis: "[…] data on poverty and human development are showing few significant improvements, and citizens report discouragement when surveyed about attitudes and economic conditions" (Lewis, 2012: 125)[5]. If the democracy can not fulfil the legitimate expectations of the average people, there is a risk for the process of democratization itself. Therefore, addressing the issue of mass poverty in a new democracy gives the process of democratization more legitimacy and more chance to become rooted.

References

BERMEO, Nancy, "Does electoral democracy boost economic equality ?", in FUKUYAMA, Francis, Larry DIAMOND and Marc F. PLATTNER, *Poverty, Inequality, and Democracy*, Baltimore, The Johns Hopkins University Press, 2012, pp.14-28.

DIAMOND, Larry, "The rule of law versus the big man", in DIAMOND, Larry et Marc F. PLATTNER, *Democratization in Africa: Progress and Retreat* (edited by), Second Edition, Baltimore, The Johns Hopkins University Press, 2010, pp. 47-58.

DIAMOND, Larry et Marc F. PLATTNER, *Democratization in Africa: Progress and Retreat* (edited by), Second Edition, Baltimore, The Johns Hopkins University Press, 2010, 360 p.

EL-KHAWAS, Mohamed A. and J. ANYU NDUMBE, *Democracy, Diamonds and Oil : Politics in Today's Africa*, New York, Nova Science Publishers, Inc, 2005, 119 p.

FUKUYAMA, Francis, "Dealing with Inequality", in FUKUYAMA, Francis, Larry DIAMOND and Marc F. PLATTNER, *Poverty, Inequality, and Democracy*, Baltimore, The Johns Hopkins University Press, 2012, pp.3-13.

FUKUYAMA, Francis, Larry DIAMOND and Marc F. PLATTNER, *Poverty, Inequality, and Democracy*, Baltimore, The Johns Hopkins University Press, 2012, 185 p.

HUNTINGTON, Samuel, P., *The Third Wave : Democratization in the Twentieth Century*, Norman : University of Oklahoma Press, 1991, 366 p.

[5]. Diamond also notes that between 2000 et 2005, disillusionment was rising in Africa : « […] satisfaction with the way democracy works declined an average of 13 percentage points […] (Diamond, 2010 : 53).

INTERNATIONAL MONETARY FUND, *World Economic and Financial Surveys. Regional Economic Outlook – Sub-Saharan Africa. Sustaining Growth amid Global Uncertainty*. [On line]http://www.imf.org/external/pubs/ft/reo/2012/afr/eng/sreo1012.pdf (consulted on June, the 12, 2012)

LEVY, Brian, « Are Africa's Economic Reforms Sustainable? Bringing Governance Back In », dans Muna NDULO, *Democratic Reform in Africa. Its Impact on Governance & Poverty Alleviation*, Oxford/Athens, James Currey/Ohio University Press, 2006, 304 p, pp. 126-149.

LEWIS, Peter, "Growth without prosperity in Africa", in FUKUYAMA, Francis, Larry DIAMOND and Marc F. PLATTNER, *Poverty, Inequality, and Democracy*, Baltimore, The Johns Hopkins University Press, 2012, pp.123-137.

PRETORIUS, Julien, *African Politics. Beyond the Third Wave of Democratization* (edited by), Cape Town, Juta, 2008, 230 p.

Scrive, Stéphane, *La crise de la démocratie en Afrique. L'exemple du Togo*, Paris, L'Harmattan, 2009, 159 p.

TSIKATA, Tsatsu, « Challenges of Economic Reform & Democratization : Some Lessons from Ghana », dans Muna NDULO, *Democratic Reform in Africa. Its Impact on Governance & Poverty Alleviation*, Oxford/Athens, James Currey/Ohio University Press, 2006, 304 p, pp. 99-107.

United Nations Development Programme, *Human Development Index 2012*, [On line],http://en.wikipedia.org/wiki/List_of_countries_by_Human_Development_Index (Consulted on the June, 13, 2013)

Author Note:

This research was supported by the Fundação para a Ciência e Tecnologia Grant SFRH /BD/68574/2010 awarded in 2011

Correspondence concerning this article should be addressed to Mariana Matoso, School, of Cultures, Languages & Area Studies, Spanish, Portuguese & Latin American Studies Department, University of Nottingham, Nottingham, NG7 2RD, UK. Email: asxmm2@exmail.nottingham.ac.uk or matoso.mariana@yahoo.co.uk