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**Beyond Diamonds:
Embedding the Post-Colonial State in Botswana**

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Beyond Diamonds: Embedding the Post-Colonial State in Botswana

by

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Thesis submitted to the
Faculty of Graduate and Postdoctoral Studies
In partial fulfillment of the requirements of the degree of
MA in Political Science

School of Political Studies
Faculty of Graduate and Postdoctoral Studies
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Abstract

This study examines Botswana's resource based development course within the framework of developmental state theory. Botswana's path to growth and development challenges existing theories in development studies in that it has avoided the many facets of the natural resource curse, which has set the majority of Africa's resource abundant economies on a path of long-term economic underperformance and low levels of social development. What is most remarkable however, is that growth and development have advanced in Botswana with inclusion of its tribal associations into a modern state bureaucracy while maintaining stable state-society relations - a feat that has been largely unmatched by other countries in the in the developing world. This study will argue in line with the developmental state ethos, that growth and development have occurred in this Botswana as the result of the deliberate actions taken by the government to embed a post-colonial state in Batswana society in ways that have enabled the central government to engage in economic and social development projects and to construct the institutions necessary to realize its development aspirations. This has not only been apparent in the undertakings of the administration to attract and collaborate with international capital, but also in its efforts to mediate between various interest groups and create the institutional framework necessary to enable positive-sum state-society relations under democratic principles.

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List of Abbreviations

Accelerated Rural Development Program (ARDP)	Grosse Domestic Product (GDP)
Arable Lands Development Program (ALDEP)	International Monetary Fund (IMF)
Botswana Democratic Party (BDP)	Industrial Policy (IP)
Botswana Development Enterprises Unit (BEDU)	Industrial Development Policy (IDP)
Botswana Development Corporation (BDC)	Local Preference Scheme (LPS)
Botswana Meat Commission (BMC)	Ministry of Finance and Development Planning (MFDP)
Citizens Entrepreneurial Development Agency (CEDA)	Mineral Policy Committee (MPC), Local Preference Scheme (LPS)
Democratic Republic of the Congo (DRC)	Ministry of Minerals, Energy and Water Resources (MMEWR)
Directorate of Local Government Services Management (DLGSM)	National Development Bank (NDB)
District Development Committee (DDC)	National Development Plan (NDP)
District Development Committee (DDC)	Revolutionary United Front (RUF)
District and Urban Councils (DUCs),	Small Micro and Medium Enterprise (SMME)
Financial Assistance Policy (FAP)	Structural Adjustment Program (SAP)
Government Gold and Diamond Office (GGDO)	Village District Council (VDC)

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Introduction

Discussions on the role of the state have long occupied center stage in development studies. For scholars and policy makers in the 1950's and 60's, there was a generally held consensus that the state had an indispensable role to play in facilitating economic development. However, in the 1980's, the optimism towards the use of the state for the advancement of national development prompted questions of whether the misuse of state power was undermining the forces of the market and constraining efforts that would otherwise contribute to economic and social development. In the case of Africa, scholars began to look to exogenous factors to explain the apparent inability of post-colonial states to promote development. Scholars began to acknowledge that the penetration of colonialism and global markets into traditional African state structures had produced complex and multilayered social and political orders, often characterized by tribal chiefdoms.¹

Without a doubt, state intervention in the 1960's and 70's enabled governments in much of Africa to allocate resources and benefits to important constituencies. While for

¹ Robert, H. Bates, *When Things Fall Apart*. (Cambridge, NY: Cambridge University Press, 2008), 138-139.

a time this created a semblance of political order, in the later half of the 1970's, a series of economic shocks sent a number of these states into turmoil. With resources limited, many governments adopted 'predatory policies' aimed at preserving the hedonistic interests of the few.² In time, citizens' welfare degenerated in a number of countries. Finding their livelihoods at stake, many enlisted behind factions, led by champions who promised them protection in exchange for political patronage. In a number of cases, this has challenged the legitimacy of states as many local and provincial territories have been transformed into power centers. Over time, this reordering of allegiances has posed as an additional challenge for central governments attempting to mobilize resources for future economic and social transformation. Shattered dreams of prosperity pointed to the emergence of a broader crisis in the modern state system.³

As of the 1980's, reforms have taken place, mainly in response to what proponents have identified as a problem of 'low productivity resulting from public sector inefficiencies,'⁴

² Ibid

³ Over the 1990's the number of violent conflicts in African countries doubled from 11 to 22. See USIP. 'Aids and Violent Conflict in Africa', Special Report 75 (2001). Since 1985, major conflicts have surfaced in 'Somalia Ethiopia Eretria, Sudan, Rwanda, Burundi Liberia, Sierra Leone, Cote d'Ivoire, Chad, Mozambique, Angola, Congo, Zimbabwe and Uganda with minor ones in Lesotho, Malagasy Republic, and Guinea Bissau.' See Camilla Toulmin and Ben Wisener. *Introduction*. In *Towards a New Map Of Africa* eds., Camilla Toulmin, Ben Wisener and Rutendo Chitiga, (UK:Earth Scan, 2005),17.

⁴ Ibid, See also Theodore Friedrich Mars. 'Public Sector Organization: Where Next?' *IDS Bulletin* 23: 4 (1993), 18-30; Norman Uphoff. 'Reassessing Development Administration: Puzzles of Productivity,' in *Puzzles of Productivity in Public Organizations* (San Francisco: ICS Press, 1994).

which have been blamed for the institutionalization of corruption and the gross mismanagement of public funds. The dominant discourse surrounding the role of the state in the economy turned towards viewing the state's involvement in the economy as negative, 'market distorting and to be avoided, except perhaps as a minimalist regulator.'⁵ A paradigmatic shift eventually led to a series of neoliberal reforms carried out by way of Structural Adjustment Programs (SAPs). Under the guise of the 'Washington Consensus,'⁶ international donations and financial support was provided under 'conditionality,' which has systematically reduced the capacity of state bureaucracies to influence social and economic development.⁷ Yet, since the late 1990's, it has become impossible to ignore that a roll back in the powers of the state has

⁵ Ian Taylor, 'Botswana's "Developmental State" and the Politics of Legitimacy.' Paper prepared for international conference co-sponsored by the Political Economy Research Centre at the University of Sheffield and the Centre for the Study of Globalization and Regionalization University of Warwick, 'Towards a New Political Economy of Development: Globalization and Governance.' University of Sheffield, United Kingdom, (July 4-6, 2002), 10.

⁶ The term 'Washington Consensus' is used to describe a set of policies designed by International Financial Institutions based in Washington. Among these policies the consensus advocates that governments should reorder their public spending priorities, encourages the transfer of state owned industries to the private sector, and to limit public spending to sectors that will 'yield high economic returns'. See Allen Sens and Peter Stoett. *Global Politics: Origins, Currents, Directions*. 3rd ed., (Toronto: Thomson Nelson. 2005), 294n.

⁷ For the last two decades, international organizations such as the United Nations, the World Bank, the IMF, and the World Trade Organization have imposed requirements for less-developed countries desperately seeking international aid. 'A key feature of the structural adjustment program is the major reforms to the regulatory, financial, and administrative schemes imposed on those countries. These reforms have included massive privatization and promotion of the subsidiary private sector, removal of trade and other barriers, tax incentives for corporate operations, favorable labor laws . . . an emphasis on export oriented production and economic growth versus development, and a reduction of government's role in the economy.' Ali Farazmand 'Globalization and Public Administration.' *Public Administration Review* 59:6 (1999), 514 cited in Charles Conteh and Frank Ohemeng 'The Politics of Decision Making In Developing Countries: A Comparative Analysis of Privatization Decisions in Botswana and Ghana.' *Public Sector Management Review* 1:1 (2009), 59.

not produced the intended results. To the contrary, much of Africa has witnessed unremitting social unrest that has led many countries into a succession of civil wars and ongoing rebel combat.

Despite the intellectual hegemony that legitimized the neoliberal view of the state as an unfavorable proprietor, it has generally come to be accepted that a number of states in East Asia have succeeded in achieving industrial transformation and broad social development goals through government interventionist policies. With the rise of East Asia, scholars began to question why alternative local and transnational development strategies have by-and-large failed to match the socio-economic progress achieved by 'developmental states'; those states where governments deliberately intervened in the workings of the economy to achieve development goals.

Discussions on the developmental state now figure prominently in comparative political economy, and have brought into question the hegemonic neo-liberal point of view. Within the framework of developmental state theory, this study examines how successful state-interventionist practices have contributed to the rise of Botswana, which in the context of the 1980's and 1990's was Africa's fastest growing economy.

Today Botswana's per capita income is set at approximately \$11,000, with growth rates 'surpassing those in a number of newly emerging markets including China and India.'⁸

Botswana has become a beacon of light for Africa in its achievements in delivering on its mandate to ameliorate social and economic conditions under a democratic regime.

In order to examine Botswana's development experience, the research will take the form of a single case study, the advantages of which have been well articulated by theorists such as Arund Lijphart, who contends that

*by focusing on a single case, the case can be intensively examined even when the research resources at the investigator's disposal are relatively limited...Indirectly case studies can make an important contribution to the establishment of general propositions and thus, to theory-building in political science.*⁹

Botswana is classified as a developmental state, in so far as it is an administrative state with the power of economic decision-making entrusted within a centralized

⁸ UNDP. 'Human Development Report: Beyond Security, Power, Poverty, and The Global Water Crisis.' *Botswana Human Development Report 2006* (New York: Palgrave Macmillan, 2006); Charles Conteh and Frank Ohemeng. 'The Politics of Decision Making In Developing Countries: A Comparative Analysis of Privatization Decisions in Botswana and Ghana,' 59.

⁹ Arund Lijphart. *Thinking about Democracy: Power Sharing and Majority Rule in Theory and Practice* (New York: Routledge, 2008), 258.

government bureaucracy and more specifically, as a democratic developmental state. Manuel Castells describes of a democratic developmental state as 'one which is able and willing to create and sustain a policy climate that promotes development by fostering productive investment, exports, growth and human welfare,'¹⁰ while sustaining a multiparty democracy. As a developmental state, Botswana is unique in that much of its social and economic development has been derived from its natural resource endowments, rather than through industrialization, as is the case of the East Asian developmental states. Also of interest is that this has been accomplished with the ongoing presence of tribal chiefdoms. Although government initiatives to co-opt customary forms of authority have been disparaged for their inherent potential to uphold patronage systems, in Botswana, tribal associations have been preserved without inhibiting the central government's efforts to carry out its national development ambitions under a democratic regime.

Botswana's success in these areas has won the country a remarkable reputation.

¹⁰ Manuel Castells. 'Four Asian Tigers with a Dragon Head: A Comparative Analysis of State, Economy and Society in the Asian Pacific Rim' in *State and Development in the Asian Pacific*, eds., R. Applebaum and J. Henderson, (Newbury Park: Sage Publications, 1992); Adrian Leftwich. *States of Development: On the Primacy of Politics in Development* (Cambridge: Polity Press, 2000), 172; Terrance Carroll and Barbra Wake Carroll. 'Strategies for Democratic Development,' Unpublished Manuscript, Department of Political Science, Brock University (2007), 2.

However, Botswana is no paradise. Along its path to development, inequality has continued to loom high with a Gini coefficient estimated at 0.56.¹¹ Unemployment also remains a persisting problem.¹² Many scholars have further noted that while Botswana has had freely contested democratic elections, the Botswana Democratic Party (BDP) has consistently won the majority of seats in parliament without any credible opposition.¹³ The development agenda has been under some scrutiny for the apparent marginalization of minority groups. Observers have been critical of a number of policy stances assumed by the BDP vis-à-vis the San hunter-gatherers, which some have alleged to be illustrative of 'soft authoritarianism.'¹⁴ For reasons such as these, many have questioned the degree to which Botswana can be classified as a democracy in the pluralist sense.

Nonetheless, Botswana does generally adhere to democratic principles. Its path to development has revealed 'limited evidence of authoritarianism or human rights

¹¹ Hildegunn Kyvik Nordas. *The Role of Government in Growth and Income Distribution: The Case of Botswana* (Bergen: Michelsen Institute for Development Studies and Human Rights, 2000), 11.

¹² Daron Acemoglu, Simon Johnson and James Robinson. 'Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution.' NBER Working Paper no. 8460, (2001), 2.

¹³ See Charles Conteh. 'Institutional Legitimacy in State-Market Partnership: Singapore and Botswana,' 369-383; Kenneth Good. 'Towards Popular Participation in Botswana.' *The Journal of Modern African Studies*. 34: 1 (1996), 53-77.

¹⁴ Ibid

abuses'.¹⁵ Rather, the government has received much acclamation for its provision of free universal health care and education.¹⁶ Remarkable achievements have been made in adult literacy, which according to the UNDP (2006), has risen 'from 34 percent in 1981 to...81.2 percent in 2005 -well above the sub-Saharan average of 60.3 percent. Life expectancy also rose from 46 years in 1966 to 67.5 in 1999, due to expanded access to public health care services, rising incomes and better nutrition.'¹⁷ However, since this time, life expectancy has dropped to 48 years, mainly due to the impact of HIV and AIDS, which at its peak in 2003, had infected 37.3 per cent of the population.¹⁸

At the development level, Botswana has made substantial progress: As Ian Taylor notes,

[I]ncome poverty rates fell from 59% in 1986 to 47% in 1994; real per capita income increased about ten-fold between 1966 and 1999; the primary school enrolment rate went from 50% in 1966 to 97% in 1999; adult literacy rates improved from 41% in 1970 to over 79% in 1999; the mortality rate of children under the age of five dropped from 151 per 1,000 live births in 1971 to 56 in 1991; the infant mortality

¹⁵ Terrance Carroll and Barbara Wake Carroll. 'Strategies for Democratic Development,' 11

¹⁶ Ibid

¹⁷ UNDP. 'Beyond Security, Power, Poverty, and The Global Water Crisis.'

¹⁸ Similarly, under-five mortality rate which had fallen 'from 151 deaths per thousand live births in 1981 to 49 in 1997 has now increased to 120 for the same reasons.. The Human Development Index (HDI) for Botswana, which rose from 0.63 in 1991 to 0.72 in 1997, has now decreased to 0.654 and gives the country a rank of 124th out of 177 countries with data. UNDP, *Botswana Human Development Report 2006*. This is also in comparison to Namibia, where 'policy failure has made it much more difficult to deal with HIV/AIDS.' Glen-Marie Lange 'Wealth, Natural Capital, and Sustainable Development: Contrasting Examples from Botswana and Namibia' *Environmental & Resource Economics* 29 (2004), 273.

rate fell from 108 deaths per thousand live births in 1966 to 38 in 1999; malnutrition among children under the age of five declined from 25% in 1978 to less than 13% in 1996 (UNDP, 2000). Primary health care is available to 80% of the rural population who are within a 15 kilometer radius of a health clinic. Households with access to potable water went from 56% to 83% between 1981 and 1994.¹⁹

Given that economic development schemes based on natural resource exploitation in much of Africa have been undermined by what has now come to be known as the natural resource curse -typically associated with corruption and sluggish growth- Botswana presents an opportunity to derive a better understanding of how development can be initiated in a natural resource-based economy. Botswana also demonstrates that this can be accomplished without giving way to the proclivities for large scale corruption and rent-seeking- problems that have under-ridden politics in the majority of natural resource-based economies on the African continent. In this study, the question of interest is how has Botswana overcome the many facets of the resource curse that have come to plague the majority of resource abundant economies in the developing world?

¹⁹ Ian Taylor. 'Botswana's "Developmental State" and the Politics of Legitimacy,' 3-4

The Theory: What is a Developmental State?

The concept of the developmental state was brought to the foray of development studies by Chalmers Johnson in 1982. Upon observing the rise of the Japanese state to economic superpower, Johnson proposed the “third way”- the capitalist developmental state, in addition to socialist and free market systems. He used this conceptual innovation to offer a revisionist account of Japan's development program. This account encompassed the view that state intervention may be beneficial if not necessary to correct for market failures arising out of scarce capital, to compensate for externalities, and to promote technological advancement. Contrary to predatory states that extract resources, undercutting development at the expense of society, developmental states are differentiated in that these states not only preside over capital accumulation but they arguably play a role ‘in making it happen.’²⁰

Challenging the prevailing neo-liberal reforms that have aimed to limit the powers of state bureaucracies, a developmental state is one that possesses ‘a political system in which the bureaucracy is given sufficient scope to take initiative and operate

²⁰ Chalmers, Johnson. *MITI and the Japanese Miracle* (Stanford, Calif.: Stanford University Press, 1982), 314-315.

effectively.²¹ In East Asia, developmental states have demonstrated how government actors and agencies can play a crucial role in a country's economic development by encouraging local entrepreneurs to engage in marketable activities, representing these actors in negotiations with transnational capital, raising protective tariffs as well as by providing subsidies and incentives that are conducive to increasing the productivity of local producers.²²

Expanding on Johnson's analysis of the developmental state, recent works, have shed light on a number of characteristics, which taken together, distinguish developmental states from the conventional regulatory state. Ian Taylor offers, that in the initial stages, a developmental state must essentially begin with 'a consolidated bloc' of elites committed to promoting economic development.²³ Ha-Joon Chang elaborates on the ideological underpinnings of the elites in power that is oriented towards development. In developmental states the elites in power will undertake the task of promoting a sense of economic nationalism in their policy framework and in and amongst its

²¹ Ibid., 315-316

²² See Robert Wade. *Governing the Market, Economic Theory and the Role of Government in East Asia*; Meredith Woo-Cummings. *The Development State* (Ithaca, New York: Cornell University Press, 1999).

²³ Ian Taylor. 'Botswana's "Developmental State" and the Politics of Legitimacy,' 3-4

citizens.²⁴ Peter Evans, emphasized an essential factor by acknowledging that a commitment must be made by the elites in power to establish a public service that is given enough autonomy from social pressures to formulate coherent and effective economic policies.²⁵

As Johnson further noted, a developmental state is staffed with an 'elite bureaucracy' of the 'best managerial talent available... the duties of the bureaucracy are to choose industries to develop and select the ...best means of rapidly developing these chosen industries' and also to supervise these industries to ensure their economic health and effectiveness.²⁶ The bureaucracy in general, and more specifically the staff occupying high positions in the agencies responsible for economic decision making, are competent, 'influential and insulated from popular pressures.'²⁷ On this subject, James Rauch and Peter Evans underscored the importance of replacing patronage systems with a professional 'Weberian-style bureaucracy, where efficient policy formation and implementation is made possible by an essential alliance amongst elites.'²⁸ Crucially,

²⁴ Ha-Joon Chang. 'The Economic Theory of the Developmental State.' In *The Developmental State*, (ed.) M. Woo-Cummings. (Ithaca: Cornell University Press, 1999), 192-199.

²⁵ Peter Evans *Embedded Autonomy: States and Industrial Transformation*, (Princeton: Princeton University Press, 1995), 40-41.

²⁶ Chalmers Johnson. *MITI and the Japanese Miracle*, 314-315

²⁷ Terrance Carroll and Barbara Wake Carroll. 'Strategies for Democratic Development,' 12

²⁸ James Rauch and Peter Evans. 'Bureaucracy and Growth: A Cross-National Analysis of the Effects of

the developmental state literature stresses the importance of establishing institutional linkages that will enable benevolent and reciprocal relationships between the state and society.²⁹

On the home front, developmental states are observed to rally for the participation of private actors, directing their activities towards productive social and economic undertakings through various policies and incentives.³⁰ However, as Linda Weiss argued, in the age where national economies have become progressively more interdependent, it has also become essential that the state extends its priorities to the formation of institutions and policies that will facilitate economic cooperation and partnerships on the international stage. The embedded aspect therefore, amounts to a state-market coalition that actively seeks to secure markets and good returns for its producers and entrepreneurs.³¹

Implicit in the developmental state ethos is the expectation that states and their societies can find ways to coalesce and become 'mutually reinforcing' and that public

'Weberian' State Structures on Economic Growth.' *American Sociological Review* 64:5 (1999), 748-65.

²⁹ T.J Pempel. 'The Developmental Regime in a Changing World Economy' in *The Developmental State*, ed., M. Woo-Cumings, 158.

³⁰ Abdi Ismail Samatar. *An African Miracle: State and Class Leadership and Colonial Legacy in Botswana's Development* (Portsmouth: Heinemann Press, 1999), 26-27.

³¹ Linda Weiss. *The Myth of the Powerless State* (New York: Cornell University Press, 1995), 187.

actions will reflect this relationship. In short, 'the character of a regime' is determined by this coalition 'upon which the power of the state rests, and the policies and institutions that will emerge as a result.'³² While the bureaucracy remains autonomous in its power of decision making, it is the embedded aspect of the state that becomes the driving force for the regimes legitimacy, which comes from its ability to deliver results, 'understood as the combination of steady and high rates of economic growth and structural change in the productive system.'³³ As the legitimacy of the state is drawn from the success of its economic strategy, for which a particular party can be given credit, this has often resulted in a prolonged single party rule.³⁴

The Rise of a Developmental State in Botswana

In Botswana, much credit has been conferred to the First President and leader of the Botswana Democratic Party, Sir Seretse Khama, for the eventual rise of a developmental state.³⁵ Beyond his respectable status as Chief of the dominant

³² Peter B. Evans. *Embedded Autonomy: States and Industrial Transformation*, 19

³³ Edigheji, Omano. 'A Democratic Developmental State in Africa? Research Report: A Concept Paper.' *Centre for Policy Studies* (Johannesburg, May 2005); Manuel Castells, 'Four Asian Tigers with a Dragon Head: A Comparative Analysis of State, Economy and Society in the Asian Pacific Rim,' 56

³⁴ For more information see, Adrian Leftwich. 'Bringing Politics Back In: Towards a Model of the Developmental State.' *Journal of Development Studies*, 31:3 (1995). Meredith Woo-Cumings. *The Developmental State* (New York: Cornell University, 1999), 6; Terrance Carroll and Barabara Wake Carroll. 'Strategies for Democratic Development,' 12.

³⁵ Scott A. Beaulier. 'Explaining Botswana's Success: The Critical Role of Post-Colonial Policy.' *Cato Journal*, 23: 2 (2003), 232.

Bamangwato tribe, Seretse, educated in Britain, proved to an 'able and appealing leader,'³⁶ Khama relinquished his chiefly status 'in favor of a Presidential rule based on legal-rational grounds.'³⁷ With a prime interest in boosting the agriculture sector and beef exports, the leadership entrusted matters of economic policy to the realm of the administration, for which it was decided in the face of acute underdevelopment and a largely uneducated population, would be staffed by expatriates. Matters of economic development in Botswana were therefore carried out by technocrats in the daily administration of government with a great deal of autonomy, which Gilfred Gunderson attributes to the marginalization of the elite in policy making by senior civil servants.³⁸

Adrian Leftwich observed that ruling regimes are most likely to pursue developmental agenda's when leaders of a country are challenged to rise up to an external threat, where there is a strong felt need to catch up, or where there is evident potential for the outbreak of internal conflict.³⁹ In Botswana, all of these conditions were present in the formative years of the nation building project. According to the Colonial administration,

³⁶ Ibid., 230

³⁷ Lawrence Frank, 'Khama and Jonathan: leadership strategies in Contemporary Southern Africa.' *The Journal of Developing Areas*, 3:15 (1981), 197.

³⁸ Gilfred Gunderson, *Nation Building and the Administrative State: The Case of Botswana*. PhD dissertation (University of California Berkeley, 1970), 434.

³⁹ Adrian Leftwich. 'Developmental States, Effective States and Poverty Reduction: The Primacy of Politics.' UNRISD Project on Poverty Reduction and Policy Regimes Department of Politics University of York (2008), 13.

the Bechuanaland, now Botswana, was economically unviable. The protectorate was therefore, slated to be annexed with neighboring South Africa. However, in opposition to this threat, an elite group of cattle accumulators appealed to the British for an independent state. Once in office, the leadership, well aware of its underprivileged position, used its sway to promote a sense of economic nationalism throughout the population, while stressing the need to make sacrifices for the 'greater good.'⁴⁰ A paternalistic rhetoric from the President called for Botswana to accept a number of conditions in support of a greater national project...

[Y]ou do not live in isolation from the rest of the country and its economic realities...[A]s I told you in 1971, you are first and foremost Botswana and your first responsibility is to assist in the development of the country. If you exercise your freedom to bargain for higher wages without restraint, you will be deliberately avoiding this responsibility...Until we achieve greater self-sufficiency and cut down on our imports from other countries, we are going to be faced with rising prices over which we have no control.⁴¹

Moreover, early in the development project, members of the BDP were informed by the civil service that the greatest threat to the stability of the country would come from the

⁴⁰ Ralph Miliband, *Socialism for a Skeptical Age*. (London: Verso, 1994), 11.

⁴¹ Seretse Khama, S. 'Addressing the Nation on the Occasion of the Tenth Anniversary of Independence—30 September 1976', in *From the Frontline: Speeches of Sir Seretse Khama* eds., G. Carter and P. Morgan (London: Rex Collings, 1980), 327-328.

peasantry if they did not promote development on a broad scale.⁴² Therefore, the BDP forged ahead with a developmental agenda, rather than exercising a conservative fiscal policy, and unlike other African leaders, adopted pro-rural and pro-market policies.⁴³ Without much of a middle class to fall upon, and mostly white South Africans occupying important positions in the government, neutrality towards race, class and ethnicity became a central prerogative for the government in its development program.⁴⁴

Another important factor in Botswana's success story is the 'recognition by the country's leadership...that the state and market were not necessarily opposed.'⁴⁵ Since the mid-1960s, economic planners pursued a development strategy that incorporated both 'state intervention and openness to market forces.'⁴⁶ In pursuit of these objectives, the government created the Ministry of Finance and Development Planning (MFDP), in 1966, which would come to form the central agency for economic planning.⁴⁷ The first priority for technocrats within MFDP was to remove all discriminatory commercial

⁴² Louis Picard and Edmond Keller. *South Africa in Southern Africa: Domestic Change and International Conflict* (Boulder, CO: Lynne Rienner Publishers, 1989), 237-38.

⁴³ Scott A. Beaulier. 'Explaining Botswana's Success: The Critical Role of Post-Colonial Policy,' 235

⁴⁴ Patrick Molutsi and Balefi, Tsie. 'Mass Mobilization and Campaign Strategies in the 1989 Botswana General Elections.' University of Botswana Democracy Research Project (1989), 126.

⁴⁵ Charles Conteh. 'Rethinking Botswana's Economic Diversification Policy: Dysfunctional State-Market Partnership.' *Commonwealth & Comparative Politics*, 46:4 (November 2008), 542.

⁴⁶ *Ibid.*, 541

⁴⁷ Abdi Ishmail Samatar. 'National Institutions for Development: The Case of Botswana,' In *Towards a New Map of Africa*. eds., B. Wisener, C. Toulmin and R. Chitiga. (London: Earthscan: 2005), 244.

legislation that was left behind by the colonial administration and established market enabling institutions such as the National Development Bank (NDB) and the Botswana Development Enterprises Unit (BEDU), to provide credit and extension services to local businessmen and farmers.⁴⁸

As the initial mainstay of its economic growth after independence, the livestock sector was heavily subsidized through investments in boreholes, vaccines and drugs, trek routes, fencing and bull subsidy schemes.⁴⁹ Since the private sector was virtually non-existent, at independence the state took on the role as an entrepreneur, assuming the task of establishing enterprises and agencies to extend 'social and infrastructural services' and to support the development and expansion of the private sector in hopes of forming public-private partnerships to realize the Government's aspirations of 'diversifying the economy away from dependence on mineral and beef exports.'⁵⁰

⁴⁸ Wayne Edge and Mogopodi Lekorwe. *Botswana: Politics and Society* (Gaborone: JL Van Schaik Publishers, 1999) cited in Charles Conteh. 'Rethinking Botswana's Economic Diversification Policy: Dysfunctional State-Market Partnership,' 542

⁴⁹ Terrance Carroll and Barbara Wake Carroll. 'The Rapid Emergence of Civil Society in Botswana,' *Commonwealth & Comparative Politics*, 42: 3 (November, 2004), 39n.

⁵⁰ Charles Conteh and Frank L. K. Ohemeng. 'The Politics of Decision Making in Developing Countries: A Comparative Analysis of Privatization Decisions in Botswana and Ghana,' 64; Republic of Botswana. *Privatization policy for Botswana. Ministry of Finance and Development Planning Government Printer*, (Gaborone — Government Paper 1, 2000), 3-4.

Historically, developmental states have emerged under the direction of a group of elites that have been 'relatively incorruptible.'⁵¹ In the early years of Botswana's nation-building project, the leadership was commended for not succumbing to internal pressures, namely from those who occupied customary forms of power, to distribute its sizable natural resource rents along clientelistic or patrimonial ties. This factor has distinguished Botswana's state-led development experience from a number of other failed or less successful development strategies attempted in the region.

As this thesis will demonstrate, fundamental to the success of Botswana's developmental state is the embedded character of the administration that has enhanced the states' capacity to identify and implement national goals in ways that are coherent with the needs of society. However, with a weak democratic culture, and a predominantly illiterate population, an administrative network had to be created in order to connect the aspirations of those at the commanding heights with those at the grassroots. Only with the help of a competent and far-reaching bureaucracy, was the leadership able to form a state-societal coalition in pursuit of solutions to underdevelopment. Peter Evans distinguishes this synergistic state-society relationship

⁵¹ Adrian Leftwich. *Democracy and Development*. (UK: Polity Press in association with Blackwell Publishing Ltd., 1996), 285.

exhibited by developmental states, which he refers to as 'embedded autonomy,' from the tenacious relationships often exhibited in what he refers to as 'predator states,' in the following way:

[T]he mirror image of the incoherent interlocutor absolutist domination of the predatory state, embedded autonomy constitutes the organizational key to the effectiveness of the developmental state. Embedded autonomy depends on the apparently contradictory combination of Weberian bureaucratic insulation with intense and selective immersion in the surrounding social structure. How this contradictory combination is achieved depends, of course on both the historically determined character of the state apparatus and the nature of the social structure in which it is embedded.⁵²

Although an overwhelming number of resource-endowed economies in the developing world have fallen subject to various forms of what has now become known as the 'natural resource curse,' typified by sluggish growth, economic underperformance, and corruption, Botswana is an exception.⁵³ Its growth has been largely derived from

⁵² Evans Peter B, 'The State as Problem and Solution: Predation: Embedded Autonomy, and Structural Change.' In *The Politics of Economic Adjustment*, eds., Stephan Haggard and Robert R. Kaufman (1992), 154.

⁵³ In Africa alone Liberia, Angola, the Congo, Nigeria and Sierra Leone are some examples of countries in which 'natural resource wealth has contributed to conflict and corruption rather than to development.' Terrance Carroll & Barbara Wake Carroll 'The Rapid Emergence of Civil Society in Botswana,' 347

diamond and mineral mining, the proceeds of which have allowed the government to invest considerably in a wide variety of development schemes. Chiefs and tribal associations known as *kgotlas* have served as intermediaries, helping the central government to promote its developmental agenda. In this way, tribal associations in Botswana have served as a mechanism, facilitating the embedding process of the post-colonial state in Botswana. This attribute is uncommon to all other developmental states, and presents an additional opportunity to expand on the theory, which thus far, has fallen short of acknowledging the possibility for institutional reconciliation between the traditional and modern forms of government.

The objective of this study is to explain how the state of Botswana has succeeded in achieving growth and development, despite being a resource-based economy with a complex mix of traditional and imposed institutions. The underlying argument is that positive results have come from the deliberate efforts made by state officials to construct the state machinery in a way that has allowed the post-colonial state to become embedded in society. Complemented by an administrative system that exudes both modern and traditional characteristics, the leadership secured its legitimacy early in its development program, and has since amassed the capacity for policy deliberation

while adhering to principles of democracy and accountability. Although obstacles and shortcomings have cropped up along Botswana's development path, the state has nonetheless succeeded in creating a politically stable modern state capable of hosting commercial and business activity. From a historical institutional and state-society relations perspective, this study will analyze a number of aspects of Botswana's development project that have enabled the post-colonial state to become embedded in Botswana society.

In order to understand how the Botswana experience has differed from those of other countries, chapter one reviews theories and explanations of the "natural resource curse." It draws from examples in recent history to illustrate how resource mismanagement has fueled political strife and social upheavals in a number of African countries. The objective of this chapter is to decipher how the 'developmental' approach to governing a natural resource-based economy can and has enabled results in terms of economic and social development.

Demonstrating the importance of the government's role in Botswana's transformation from colonial protectorate to developmental state, the second chapter will examine

theories of colonial intervention, which attempt to account for the stumbling blocks encountered in African state formation. However, much of the theory fails to explain why the problems encountered in a majority of countries inheriting similar conditions have not been reproduced in Botswana. Thus, this chapter will also address questions of institutional variation in post-colonial Africa, in order to determine what factors have allowed Botswana to emerge from its colonial past to fare better than the majority of African countries. Finally, it is argued that in Botswana institutional reconciliation has been achieved as a result of deliberate actions undertaken by the administration to reconcile questions of political and economic power within the framework of a national development project.

Chapter three examines questions of administrative capacity. It is argued that the process of embedding the state administration in Botswana has been accomplished by way of decentralization carried out by an administrative network that has incorporated both modern and traditional institutions. However, as many experiments have shown, decentralization or the cooptation of traditional institutions has not facilitated good governance everywhere. Thus, this chapter also looks at the legislative measures that have helped to secure synergistic relations between the state, local government,

traditional tribal associations and the population.

Given the concern surrounding questions of democratic governance under a developmental regime and the problems related to accountability when co-opting traditional forms of customary rule, chapter four explores the nature of Botswana's democratic development scheme. The question of citizens' consent and participation in a developmental project is also examined. It is argued, that in Botswana, through efforts made by the government to promote democratic governance, the state has been able to draw from the participation of its citizens, giving force to the developmental project. Over time, this has won the state considerable legitimacy and has completed the necessary 'circle of support' between state and society- which ultimately is the essence of the embedded state. The conclusion brings together the most crucial components of the developmental project in Botswana, closing with an assessment of how the developmental qualities have bestowed the state with the support and legitimacy required to carry out market governance in the future.

Chapter 1 Natural Resources: From Curse to Prospects

In many African nations the natural resources that should be used to feed and educate people are instead being used to destroy them... Colonialism, which allowed Europe to extract Africa's natural resources, left behind leaders who exploit their gold, diamonds, timber, oil...to benefit their own regional or ethnic groups or their own bank accounts.⁵⁴

Among developing countries, data on per capita GDP reveals that between 1960 and 1990, economies with few natural resources grew 2-3 times faster than in countries where resources were abundant.⁵⁵ Yet, Botswana, a land locked, cattle herding society has earned a name as the only African country with a high dependency on mineral resources that has sustained relatively high levels of growth, all the while maintaining peace within its borders, therefore granting an exception to the rule.⁵⁶ What is in need

⁵⁴ Quoted in the *New York Times*, August 8, 1999, on section 4, 14.

⁵⁵ Richard M. Auty, and Sampsa Kiiski. 'Natural Resources, Capital Accumulation, Structural Change, and Welfare.' In *Resource Abundance and Economic Development*. ed. R. M. Auty (New York: Oxford University Press, 2001), 3.

⁵⁶ Atsushi Iimi. 'Escaping from the Resource Curse: Evidence from Botswana and the Rest of the World,' 667

of further explanation is how and why natural resources have fueled growth and social development in one state in Africa but not in others?

In this chapter the theories of the natural resource curse are explored, leading into a discussion on the endogenous, as well as the exogenous factors that have influenced the effectiveness and profitability of the states resource derivation policies, in order to delineate the problems inherent in developing a resource economy. Thereafter, the Botswana situation is reviewed, leading into a discussion on the institutional and policy arrangements that have been undertaken by the elites in power that have enabled the country to benefit from its sizeable mineral wealth. It is argued that a key component of Botswana's success lies in the entrepreneurial ambitions of the Botswana Democratic Party's (BDP) leadership, which has enabled the state to become actively involved in the market, and overcome its position as a weak economy in the face of growing international competition.

A key component to Botswana's relatively good standing lies in the ambitions of the elite to establish pro-market institutions and build strong alliances with international capital. As a result of these efforts, the Botswana government has acquired the necessary economic and financial clout to engage in other forms of peripheral welfare

capitalism, which in time have helped to grant the state its enduring legitimacy.

Resource Mismanagement and Conflict

The idea of a 'natural resource curse' stems from the observation that natural resource-abundant economies tend to be plagued by social, economic and political underachievement relative to those countries where natural resources are absent or scarce.⁵⁷ Sadly, in the developing world, natural resources have played a well-established role in fuelling conflict. This has been most evident in Africa where some of the most tragic resource-related conflicts have occurred. Research by Paul Collier *et al*, suggests that in any given 5 year period, the chance of civil war in an African country ranges from less than 1 percent in countries without resource wealth, to almost 25 percent in countries with such wealth.⁵⁸

In a number of developing countries, natural resources have been shown to exasperate economic and social instability prior to the outbreak of armed conflict because these endowments are subject to frequent economic booms and busts and host numerous

⁵⁷ Abiodun Alao. *Natural Resources and Conflict in Africa: The Tragedy of Endowment*. (New York: University of Rochester Press, 2007), 3.

⁵⁸ Paul Collier *et, al*. *Understanding Civil War: Evidence and Analysis* (Washington: World Bank Publications, 2005), 264.

opportunities for large-scale corruption.⁵⁹

Typically, it is in the struggle for control over natural resources that armed conflict is triggered.⁶⁰ A notorious example was the sale of “blood diamonds” and timber by the former Liberian president, Charles Taylor, to finance conflict in Liberia and neighboring Côte d’Ivoire. In Sierra Leone, a rebel movement was launched by the Revolutionary United Front (RUF). Managed at a distance by President Taylor, a movement was dispatched in opposition to the government’s mismanagement of the country’s vast gold and diamond resources.⁶¹ Seizing alluvial diamond mines to fuel the movement, the RUF was able to sustain a resistance force for an entire decade.⁶²

In the Democratic Republic of the Congo (DRC), the government has been disputing with rebel groups and neighboring states over matters of control and ownership of the country’s vast mineral, oil and gas resources.⁶³ At the heart of the conflict in the DRC lies a matter of severe resource mismanagement - by 1997 there was scarcely any trace

⁵⁹ Ibid

⁶⁰ Abiodun Alao. *Natural Resources and Conflict in Africa: The Tragedy of Endowment*, 5

⁶¹ Lasana Gberie. ‘War and Peace in Sierra Leone: Diamonds, Corruption and the Lebanese Connection.’ Occasional Paper no. 6, Partnership Africa (2002), 6.

⁶² Abiodun Alao. *Natural Resources and Conflict in Africa: The Tragedy of Endowment*, 5

⁶³ Ibid., 116

of a workable economy.⁶⁴ The estimated revenues that these resources generate have raised the stakes, making it all the more difficult for the many interest groups at war to form an agreement that will end hostilities.⁶⁵

Various reasons have been offered in an effort to explain the many cases in which states have failed to effectively transform their natural resources into growth - most of which are directly associated with the way earnings from resource sectors accrue. Revenues from resource exploitation typically accumulate either as foreign exchange earnings or go directly to the government and often in windfall sums. The 'Dutch Disease' occurs when earnings from natural resources that accumulate as foreign exchange are not deliberately reapportioned to the non-tradable sector and thus, can only be dispensed on tradable goods.⁶⁶ The result is that funds are expended on imports rather than on developing the indigenous economy.

Other aspects of the natural resource curse, such as insufficient economic diversification; rent seeking; corruption; undermined political institutions; loose

⁶⁴ Nick Grono. *Natural Resources and Conflict*, Speech given at the EIS Symposium on Sustainable Development and Security, European Parliament, Brussels, May 11th, 2006.

⁶⁵ Abiodun Alao. *Natural Resources and Conflict in Africa: The Tragedy of Endowment*, 116

⁶⁶ David L. Bevan, Paul Collier, and Jan Willem Gunning, *The Political Economy of Poverty, Equity and Growth: Nigeria and Indonesia* (Clarendon: Oxford University Press, 1999), 46.

economic policies and debt overhang have taken root largely as a result of neglect or mismanagement on the part of governments.⁶⁷ In a number of countries where resources are abundant, the route to poverty has been accelerated because human capital creation and accumulation have been neglected as the result of consistently dysfunctional economic policies. Public funds have been squandered due to the negligence and misconduct of the elites in power.⁶⁸ Where corruption reigns, it often follows that social infrastructure will remain weak. Moreover, it has also been suggested that where resources are abundant, growth remains stagnant because promoting the resource sectors requires 'sector-specific infrastructure and investments in specialized physical and human capital that are generally not transferable to other productive activities.'⁶⁹

Mining alone has come under scrutiny for quite some time, with many stakeholders concerned that the benefits of resource extraction in developing countries are marginal relative to the material and social costs.⁷⁰ Instead, many economies have appeared to

⁶⁷ Atsushi Iimi. 'Escaping from the Resource Curse: Evidence from Botswana and the Rest of the World,' 664

⁶⁸ Ibid

⁶⁹ Abiodun Alao. *Natural Resources and Conflict in Africa: The Tragedy of Endowment*, 116

⁷⁰ Antonio M. A. Pedro. 'Mainstreaming Mineral Wealth in Growth and Poverty Reduction Strategies.' *ECA Policy Paper*, 1 (2006), 1.

suffer in the long term, with debt incurred in the absence of economic diversification.

At the heart of many resource-related conflicts is an underlying desire to attain some level of social development for the greater society and minimal compensation for the land appropriated from those inhabiting the territories where resources lie.⁷¹ Hence, the intention of many groups or communities engaged in resource related conflict have demonstrated that their intentions are not to exploit resources for their own purposes, but to attain some level of improvement in living conditions for those inhabiting the regions where these resources are extracted.

Many resource-related conflicts have surfaced because governments have not taken the appropriate measures to secure their resources from interest groups that hold the potential to exploit these resources at the expense of society. These include international businesses, politically connected individuals, criminal gangs, armed militias, and average civilians.⁷² The dilemmas encountered with natural resources are often asymptomatic of the institutionalization of class based accumulation strategies

⁷¹ Ibid

⁷² Ibid., 113

that have underpinned and reproduced a number of crises.⁷³ Monopolies that state leaders have held over resources and the criminal activities implicated in their management and exploitation have at many times endured over extended periods without encountering opposition.

Analytical inquiries into 'development strategies' that have relied on the plunder of resources have also revealed 'strong links between elites in power and international mining corporations.'⁷⁴ The outcome is that mining and resource extraction have become intrinsically linked to a form of rentier politics, which in time has evolved to form state structures that represent the narrow interests of the few. Joel Hellman *et al.*, distinguish between three types of relationships marked by corruption - state-capture, influence, and administrative corruption.

State capture is defined as shaping the formation of the basic rules of the game (i.e. laws, rules, decrees and regulations) through illicit and non-transparent private payments to public officials. Influence refers to the firm's capacity to have an impact on the formation of the basic rules of the game without necessary recourse to private payments to public officials...Administrative corruption is defined as private

⁷³ Ibid

⁷⁴ Joel S. Hellman, Geraint Jones, and Daniel Kaufmann, 'Seize the State, Seize the Day: State Capture, Corruption, and Influence in Transition,' Policy Research Working Paper Series 2444, The World Bank (2000), 4-5.

*payments to public officials to distort the prescribed implementation of official rules and policies.*⁷⁵

Despite the promises and optimistic rhetoric of leaders in a number of resource rich economies, in the 1970's, many governments took on a more complacent role in areas of security, trade, economic development, and commodity prices. Because of the extensive capital and technological skill required for resource prospecting and extraction, a number of states have become dependent on foreign multinational companies to conduct operation in their territory, and thus, exploration and marketing have remained in the hands of foreign ownership.⁷⁶

Natural Resources and Dependency

Where problems have become most apparent is when the interests of international capital have come into conflict with the interests of local populations. These people have been left with limited options for earning income and have therefore become highly dependent on the revenues from these resources. Overtime, the relationship between international capital and those who inhabit the territories where resources lie,

⁷⁵ Ibid

⁷⁶ Robert. L. Curry, Jr. 'Adaptation of Botswana's Development Strategy to Meet Its Peoples' Needs for Land, Jobs: The Southern African Capitalist Democracy Can Maintain Its Growth by a New Problem-Oriented Policy.' *American Journal of Economics and Sociology* 45:3 (1986), 38.

has been solidify transformed into one of 'us' versus 'them.'⁷⁷

In a number of situations, firms have been able to shape the rules of the game to their own advantage, creating a 'capture economy,' where public officials and politicians 'privately sell underprovided public goods and a range of rent-generating advantages to individual firms.'⁷⁸ To compete in this environment, new entrants follow suit to compensate for 'weaknesses in the legal and regulatory framework...by purchasing necessary laws and decrees,' which in the long term, exacerbates the problem of state capture.⁷⁹ What has been the result, particularly in oil producing countries, such as Nigeria, Angola and Sudan, is that these conflicts of interest have resulted in foreign corporations exploiting the internal weaknesses of governments, which in all these cases has fuelled corruption and has altered the nature of politics in these countries.

Elaborating on the systemic exploitation of developing countries, dependency theorists have long argued that underdeveloped states have become locked into relationships that have forced them to depend on the resources of developed countries in the

⁷⁷ Abiodun Alao. *Natural Resources and Conflict in Africa: The Tragedy of Endowment*, 116

⁷⁸ Joel S. Hellman, Geraint Jones, and Daniel Kaufmann, 'Seize the State, Seize the Day: State Capture, Corruption, and Influence in Transition,' 5; See also *Summary of Findings*.

⁷⁹ Ibid

North.⁸⁰ Now in an underprivileged position, southern countries are challenged to compete in an unfair trade regime that largely favors capital accumulation in the developed world. Facilitated by international organizations and financial institutions, the dependency relationship is seen by many as taking the features of a post-neocolonialism, or contemporary imperialism. James Tully suggests that this aspect of imperialism is most apparent in the workings of the World Bank, the IMF, the G8 states and transnational corporations:

[T]he policies of 'structural adjustment' they impose on subaltern states; the scandalous increase in inequalities, debt and dependency of subaltern peoples in the post-colonial period; and the continual direct and indirect military intervention to prop up repressive regimes and topple those who support local democracy – all in the name of freedom.⁸¹

Taking place within a foreign-owned, capital-intensive enclave, a dynamic of

⁸⁰ As Paul Baran articulated in the 1960's, since the rise of capitalism, material progress has been 'unevenly distributed', with some parts of the world receiving very few benefits from its advancement. Although European colonialism brought capitalist endeavors into parts of the world, settlers mostly sought to 'extract the largest possible gains from host countries...' often engaging in outright plunder or in 'plunder thinly veiled as trade.' Paul Baran, *The Longer View*. (New York: Monthly Review Press, 1969), 142.

⁸¹ James Tully. *On Law, Democracy and Imperialism: Twenty-First Annual Public Lecture*. Center for Law and Society University of Edinburgh (March, 2005).

dependency is evidently occurring in a vast number of oil and mining producing countries in the developing world. However, studies of the developmental state and the experiences of the East Asian economies demonstrate that dependency is less a determinant of the international architecture and more a matter of shifting constraints within which individual nation states must find room to maneuver. The developmental state narrative directs attention to ways in which 'long term economic success' can emerge from 'bureaucratic directives that are compatible with international market forces.'⁸² In line with this theory, Antonio Pedro suggests that 'if natural resources are developed through advanced forms of knowledge development, their spillover effects can be just as powerful as in any other sector, including manufacturing.'⁸³

Drawing attention to the potential for self-determination in national development strategies fueled by resource exploitation, Jean-Philippe Stijns observes that natural resources can affect economic growth through both positive and negative channels, and that what matters most in terms of economic development 'is what countries do with their natural resources, and on the nature and type of learning process involved in

⁸² T.J. Pempel. 'The Developmental Regime in a Changing World Economy,' 141.

⁸³ Antonio M.A. Pedro, 'Mainstreaming Mineral Wealth in Growth and Poverty Reduction Strategies.' ECA Policy Paper No.1 (2006), 4.

exploiting and developing these resources.’⁸⁴ What is clear is that objections to the exploitation of mineral resources, without the provision of any alternative route to development provides little assurance that developing countries will be better off leaving their natural resources unexploited.

Botswana’s Diamond Mining and Prospects for Development

Botswana has emerged as one of the world’s fastest growing economies, notwithstanding, a land-locked, cattle-herding society, at independence it was the third poorest country in the world.⁸⁵ Between 1987 and 2007, Botswana’s annual GDP averaged 6.1%.⁸⁶

By 1995, Botswana ranked 74th of 174 countries in the United Nations Development Program’s Human Development Index (HDI), which bases its measurement of human development on health and education indicators, and as Figure 1-1 illustrates, this has

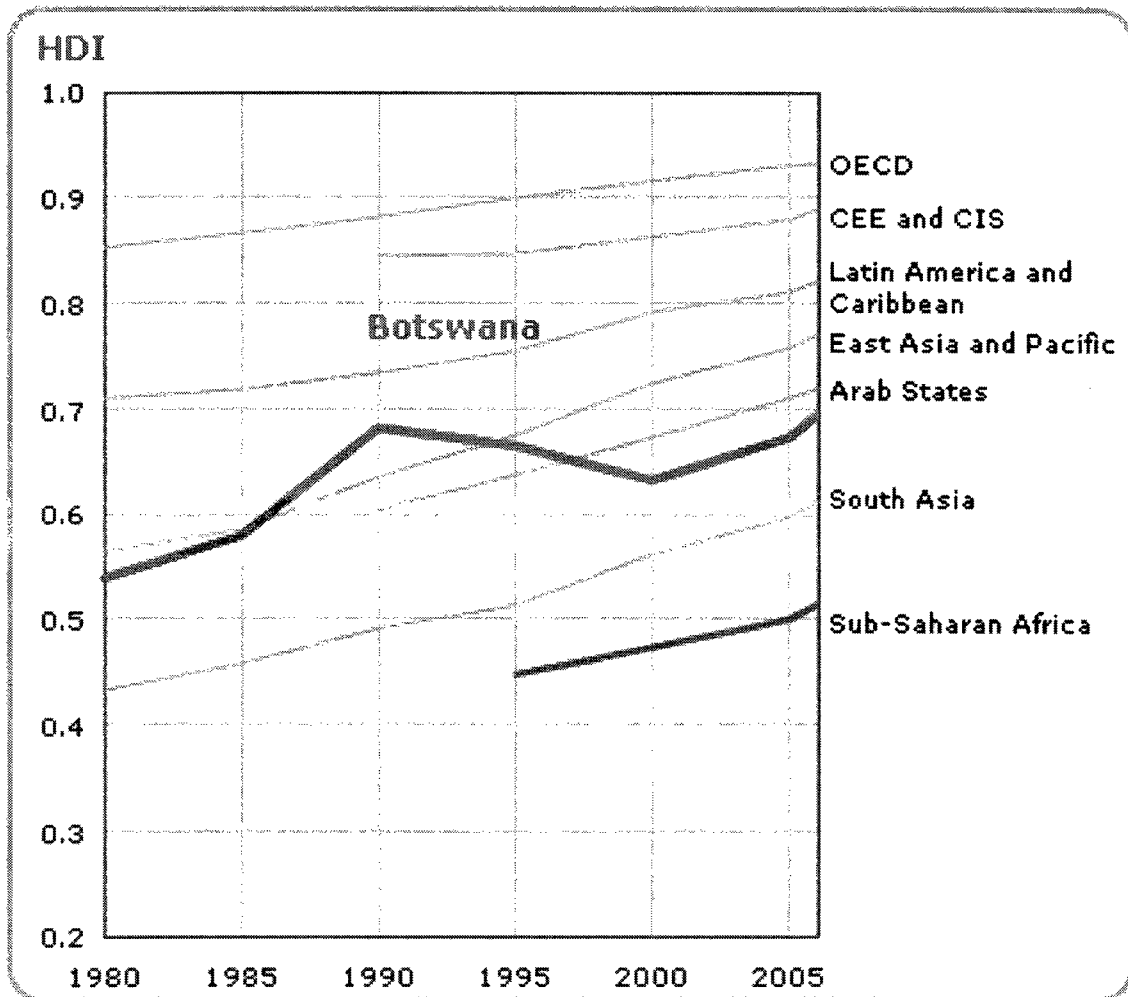
⁸⁴ Jean-Philippe Stijns, ‘Natural Resource Abundance and Economic Growth Revisited.’ *Resources Policy*, 30 (2005), 3.

⁸⁵ Julius Kiiza. ‘Development Nationalism and Economic Performance in Africa: The Case of Three ‘Successful’ African Economies.’ In *Institutional Change and Economic Development*. ed. H-J. Chang. (New York, NY: United Nations University Press, 2007), 287; See also Tregenna, F. ‘Explaining and Evaluating the Botswana Growth Experience.’ Manuscript (2003).

⁸⁶ World Bank. ‘Botswana at a Glance.’ Development Data, 2008

granted Botswana the highest HDI score of any country in sub-Saharan Africa.⁸⁷

FIGURE 1-1: Human Development Indicators- Compared



Source: Indicator table G of the Human Development Report 2009

⁸⁷ Beyond the fact that its record in human development is as impressive as its economic development, the most serious socioeconomic threat to the country is the high prevalence of HIV/AIDS infection, UNDP Human Development Report. 'Fighting Climate Change: Human Solidarity in a Divided World,' *United Nations Development Program, 2007*; Yet, because of its diamond-led economic growth, and substantial improvements in healthcare and education, the country's most recent HDI reflects a unique combination of impressive growth with diving social indicators. UNDP. See 'Botswana The Human Development Index - Going Beyond Income.' *United Nations Development Program, 2009*.

To illustrate the story of diamonds and economic growth in Botswana, Ralph Hazleton draws from two statistics:

The most striking is that over 70 per cent of the profits of the diamond industry are paid to government. This staggering figure still underestimates the impact of the diamond industry on the economy. Two other larger sources of government revenue are also largely diamond dependent. Customs fees from Southern African Customs Union are generated to a large extent from the export of diamonds, and interest on foreign investment and bank accounts is also derived mainly from diamond profits. In all, approximately 85 per cent of government revenue is derived from diamonds.⁸⁸

As the data presented from the IMF confirms, an abundance of natural resources does not guarantee growth. As history has shown, in all too many cases, the misuse of government power lies at the heart of economic decline. Hence, much of the debate on how to manage these resources has surrounded concepts such as 'good government' and 'governance'. According to Patrick Chabal, 'good government' is central to political accountability.⁸⁹ Understood as 'effective and user-friendly rule' Jeffrey Haynes offers

⁸⁸ Ralph Hazleton. *Diamonds: Forever or For Good? The Economic Impact of Diamonds in Southern Africa*, (Ottawa: Partnership Africa Canada, 2002), 3.

⁸⁹ Patrick Chabal. *Power in Africa: An Essay in Political Interpretation*. (Basingstoke, London: Macmillan Press, 1992), 167.

that 'good government lies at the heart of the exercise of power... [that is] ...purposive and development-oriented, seeking to improve the mass of people's quality of life.' The decisions and actions taken by governments may be less than 'fully democratic', yet 'judged to be essential for delivering concrete development.'⁹⁰

Governance, however, nearly always alludes to 'governmental power, influence, and legitimacy in relation to state-society interactions.'⁹¹ The IMF identifies good governance, as a form of rule that promotes 'transparency, accountability, the effective rule of law, and the empowerment of local communities.'⁹² To be considered as a regime that displays sufficient attributes of good governance, 'it must have a relationship with society which connotes a two-way exchange of representation and acceptability, coupled with an ability to get things done,' in the absence of the frequent arbitrary exercise of power.⁹³ Good governance—specifically 'public voice, accountability, high government effectiveness, good regulation, and powerful anticorruption policies' will tend to link natural resources with high economic

⁹⁰ Jeff Haynes. 'The State, Governance, and Democracy in Sub-Saharan Africa.' *The Journal of Modern African Studies* 31: 3 (1991), 537.

⁹¹ Ibid

⁹² Atsushi Iimi. 'Escaping from the Resource Curse: Evidence from Botswana and the Rest of the World,' 664

⁹³ Jeff Haynes. 'The State, Governance, and Democracy in Sub-Saharan Africa,' 537

growth.⁹⁴

*Governance determines the extent to which the growth effects of resource wealth can materialize. In developing countries in particular, the quality of regulation, such as the predictability of changes of regulations, and anticorruption policies, such as transparency and accountability in the public sector, are most important for effective natural resource management and growth.*⁹⁵

As the Botswana experience can confirm, abundance in natural resources can promote growth. With its mineral wealth, Botswana has capitalized on modern physical and social infrastructure; attesting to the fact that revenues derived from resource exploitation can give a boost to a country's economy. Today there is a great deal of consensus that good governance has been the driving force behind the country's progress. Rather than falling subject to the dilemmas frequently associated with resource exploitation, often revolving around questions of investments, ownership, price stability, economic diversification and public spending or regional inequality, the discovery of diamonds led the government to undertake a number of initiatives to direct revenues derived from diamond sales towards building immobile and social capital. As a result, economic growth accelerated and manufacturing and commercial

⁹⁴ Atsushi Iimi. 'Escaping from the Resource Curse: Evidence from Botswana and the Rest of the World,' 692

⁹⁵ Ibid

activity took off in the urban areas. As Arnon Bar-On describes,

Utilities like water and electricity are of a quality normally found only in industrialized countries, although logistical and demographic obstacles still hamper service provision in some of the more remote areas. For example, whereas all urban residents have access to safe water and 91 percent have sanitation facilities, the corresponding figures in the rural areas are 70 and 55 percent. Likewise, education and health provisions have swelled enormously. Today, nearly 90 percent of children attend the non-compulsory primary school system, and almost all Batswana live within 15 kilometers of a health facility.⁹⁶

By the early 1980's, revenues from diamonds allowed the government in Botswana to pay off all outstanding debt; the state resolved in its fiscal policy thereafter to no longer incur debt in excess of projected state earnings.⁹⁷ Physical depletion of mineral assets has been 'offset by management schemes' aimed to increase the value of its mineral resources, and by reinvesting all resource revenues into other assets.⁹⁸ To this end, Abdi Ismail Samatar proposes that 'in the absence of a conscious and disciplined leadership, no amount of diamond revenues would have been sufficient to make

⁹⁶ Arnon Bar-On. 'Going Against World Trends.' *The Social Policy Journal* . 1:4 (2002), 25.

⁹⁷ Glen-Marie. Lange 'Wealth, Natural Capital, and Sustainable Development: Contrasting Examples from Botswana and Namibia,' 273

⁹⁸ Ibid

Botswana an African Miracle.⁹⁹

What is of interest is how the Government of Botswana has succeeded in developing and exploiting its resources while maintaining ample political, economic and social stability. At the turn of the 21st century, some degree of consensus has emerged that institutions do matter.¹⁰⁰ The controversy now rests with questions surrounding what kind of institutions will ensure that governance can be carried out in a way that is unambiguously beneficial to economic development. Clearly, institutions cannot emerge in the absence of considerable bureaucratic input and expertise.

Botswana and State Entrepreneurialism

At independence, Botswana had to rely on its former colonial connection to Britain to cover its administrative expenses and to fund development.¹⁰¹ Thereafter a significant portion of the government's capital expenditure continued to be financed by foreign aid, until 1972, when mineral resource prospecting endeavors proved favorable after the

⁹⁹ Abdi Ishmail Samatar. *An African Miracle: State and Class Leadership and Colonial Legacy in Botswana's Development*, 8

¹⁰⁰ Douglass North. *Institutions, Institutional Change and Economic Performance* (New York, NY: Cambridge University Press, 1990), 188.

¹⁰¹ Terrance Carroll and Barbara Wake Carroll. 'Strategies for Democratic Development,' 1

South African Company, DeBeers, uncovered diamond deposits, followed by an even larger discovery in 1980.¹⁰² The country's political economy was thereafter dramatically transformed. As Table 1 indicates, where agriculture formed the bulk of the economy at independence contributing 39 percent to the GDP, as mining took off and the public service grew the contribution of the agriculture sector became less significant, with its contribution to the GDP diminishing to 4.9 percent in 1994, compared to mining and the public service which came to account for 35.5 percent and 20.4 percent of the GDP respectively.¹⁰³ Because earnings from natural resources are likely to be volatile, the macroeconomics challenge for public spending programs surrounds the capacity to manage for future fluctuations in revenues.¹⁰⁴ Where administrative systems lack information or the bureaucratic capacity to rapidly 'scale-up expenditures', finding the balance between public consumption and investment, while linking expenditures to a strategic vision for development becomes problematic, often leading to 'inefficient spending programs.'¹⁰⁵

¹⁰² Clark . J Leith. *Why Botswana Prospered*, 58

¹⁰³ Charles Harvey and Steven R. Lewis. *Policy Choice and Development Performance in Botswana*, 32

¹⁰⁴ Paul Collier and Anthony J. Venables. 'Managing Resource Revenues: Lessons for Low Income Countries,' Paper prepared for the *African Economic Research Consortium 2008 Annual Conference*, Nairobi (October 30th, 2008), 12.

¹⁰⁵ Ibid

Change in GDP Structure: 1966-1994 %					
Sector	1966	1976	1986	1991/92	1993/94
Agriculture	39	24	4	5.2	4.9
Mining	0	12	47	36.8	35.5
Manufacturing	8	8	6	5.7	5.3
Construction	6	7	3	5.0	4.2
Trade & Hotels	18	16	18	15.3	15.4
Government	13	14	13	19.9	20.8
Other	16	19	9	12.1	13.8
Total	100	100	100	100	100

Sources: Harvey and Lewis (1990, 32, Table 3.3; Europa (1997)

Along with the aggregation of matters surrounding investment, resource allocation and economic decision-making at the center of government, the developmental characteristic of the state in Botswana were further solidified with the formulation of the first National Development Plan (NDP), a technical document, drafted by experts and approved by elected representatives, serving as a blueprint for projected National development initiatives.¹⁰⁶ In order to prevent projects from being funded ad hoc it was decided by the members of the MFDP that once an NDP was approved, no additional policies would be incorporated into the plan until the next round of policy formulation.¹⁰⁷ Therefore, the NDPs have served as a means to grant that the policy formulation process some degree of insulation from impending political pressures.¹⁰⁸

Prior to the initiation of mining activities, the Botswana government faced the task of devising a mineral taxation policy. Given consideration for previous experiences in the region, this process can involve a high degree of risk, as governments must choose between revenue elasticity and incentives for development. As Robert Curry explains,

¹⁰⁶ Ian Taylor 'Botswana's "Developmental State" and the Politics of Legitimacy,' 7; T.J Pempel. 'The Developmental Regime in a Changing World Economy,' 16

¹⁰⁷ Clark . J Leith. *Why Botswana Prospered*, 58

¹⁰⁸ Ibid

The most elastic tax bases are often the parts of the economy that the Government wishes to grow as rapidly as possible, giving them encouragement if necessary by exempting them from taxes . . . the second, and closely related problem is the conflict between equity and certain goals related to resource allocation and development. If the modern sector is taxed lightly in order to encourage rapid development, then inequities in income and property taxation between the modern and traditional sectors . . . may be increased.¹⁰⁹

In 1967, the *Mines and Minerals Act* was passed in order to establish the fiscal, legal and policy framework for mineral exploration and exploitation in Botswana. This Act would come to guide the government's subsequent deliberations on mineral investment proposals and all promotional activities.¹¹⁰

At Independence, the government clearly lacked the resources and technical expertise to carry out prospecting endeavors on its own. It was therefore assumed that mining operations would be undertaken by foreign nationals.¹¹¹ However, because the rate of

¹⁰⁹ In a number of mineral dependent countries, a fixed-tax derivation policy has seen revenues from resources highly affected by the global economy's appraisal of the value of minerals. Also a concern is the fluctuating costs of the inputs needed to mine, refine and export minerals. Zambia is one example of a mineral economy that has been adversely affected by the global prices for copper as well as for the inputs needed to produce and export the refined product. See Robert. L. Curry, Jr. 'Adaptation of Botswana's Development Strategy to Meet Its Peoples' Needs for Land, Jobs: The Southern African Capitalist Democracy Can Maintain Its Growth by a New Problem- Oriented Policy.' *American Journal of Economics and Sociology*, 45:3, (1987), 39; See also International Monetary Fund. "Taxation in Sub-Saharan Africa." Occasional Paper, 8 (Washington, October 1981), 34.

¹¹⁰ Republic of Botswana. *Mining Development Plan 9 (2003/04–/09)*, 203.

¹¹¹ Charles Harvey and Stephen. R. Lewis. *Policy Choice and Development Performance in Botswana*, 119

return from natural resources ventures are subject to considerable uncertainty, the leadership established a Mineral Policy Committee (MPC), to represent the Ministry of Mineral Resources, Finance and Development Planning, the Attorney General, and the Office of the President.¹¹² The committee was generally composed of international experts in mining and finance. Legal and technical advisers from selected mineral markets were also hired to negotiate with mining companies.¹¹³ In its Mineral Taxation Policy, the government chose to establish equity shares rather than rely solely on fixed royalties from profits.¹¹⁴ This arrangement proved to be a mutually beneficial one for both the private and public parties. This arrangement has also generated high returns for the central government on large operations, without diminishing the incentive for private investment to pursue more marginal or artisanal operations.¹¹⁵

In addition to the prospects for the state to derive considerable shares from returns from diamond mining,¹¹⁶ there was also the question of exercising market power in the diamond industry. Willing to capture its share, as well as lock into any potential for increased shares in the market for gemstones, Botswana bought into a joint venture

¹¹² Ibid

¹¹³ Ibid., 120

¹¹⁴ Clark J. Leith. *Why Botswana Prospered?*, 62

¹¹⁵ Ibid

¹¹⁶ The strength of fiscal linkages relies heavily on the willingness and ability of developing country governments to tax or otherwise participate in the incomes originating in mining. See World Bank. *World Development Report 1979* (Washington, D.C: World Bank, 1979), 99.

with DeBeers Central Selling Organization, leading to the creation of Debswana. A relationship was established between Botswana and DeBeers that took into account the potential for a long-term partnership. Part of the reason for the success of this arrangement has been the fact that Botswana's political elite has carefully selected economic advisers.¹¹⁷ The original arrangement between the Botswana government and DeBeers established an 85-15 per cent share, in favor of the Diamond Cartel.¹¹⁸ However, rather than accepting the status quo, Botswana set a precedence for developing countries attempting to exploit their resources. With the discovery of a greater source of diamonds in 1980, the government requested a lawyer from the World Bank, who is credited for having 'argued forcefully for a renegotiation of the contract at a higher price, much to the consternation of the mining interests.'¹¹⁹

From 1977 onwards, the contribution of diamond exports to Botswana's foreign exchange earnings and government revenue surpassed that of beef exports. Today, one third of the diamonds sold by DeBeers are mined in Botswana, with both partners

¹¹⁷ SADC Research. 'Corporate Social Responsibility in the Diamond Mining Industry in Botswana De Beers, Botswana and the Control of a Country.' Policy Gap 5 (2009), 17-18.

¹¹⁸ Ian Taylor. 'Botswana's "Developmental State" and the Politics of Legitimacy,' 2

¹¹⁹ SADC Research. 'Corporate Social Responsibility in the Diamond Mining Industry in Botswana De Beers, Botswana and the Control of a Country,' 17-18

benefiting from a collaborative effort to insist on high prices for diamond gemstones.¹²⁰

Over the years, with the proceeds accumulated from diamond sales, the government purchased additional shares in Debswana, which today amount to a fifty-fifty Botswana-DeBeers joint venture, through which the governments' share of equity has since almost doubled.¹²¹

Another top priority for the government was to renegotiate the terms of trade with the South African Custom's Union. The original agreement granted the government a fixed share of revenue from taxes collected on imports in the Union. However, given the increased prospects for economic growth and the likelihood that the demand for imports would increase, the government committed its top civil servants to renegotiating a deal that would allow the sum of revenues collected by governments to reflect the volume of their imports.¹²² Under the new agreement, government revenues

¹²⁰ One example of this can be drawn from a period in the early 1980's, when in an attempt to maintain the market price for diamonds, Botswana endured a major slump in diamond sales that lasted six months. No cuts in expenditure followed, as the government was able to 'optimally smooth expenditures relative to income'. See Daron Acemoglu, Simon Johnson, and James Robinson. 'Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution.' NBER Working Paper no. 8460, (2001), 18.

¹²¹ Charles Harvey, 'The Role of Government in the Finance of Business in Botswana', in *Global Perspectives on Economic Development: Government and Business Finance* eds., Richard D. Bingham and Edward W. Hill, (New Brunswick, NJ: Rutgers University Press, 1997), 349.

¹²² Charles Harvey and Stephen R. Lewis. *Policy Choice and Development Performance in Botswana*, 189

from excise taxes increased by forty-two percent.¹²³ However, this arrangement was in part a compensation for some unfavorable aspects of the agreement. As Charles Harvey and Stephen Lewis explain, because South Africa imposed a number of tariffs to protect its manufacturing industry, applicable to 'nearly all imports into the member countries from outside the customs union,' the common external tariff made the cost of imports from outside the union significantly higher. It was consequently more cost effective for Botswana to import manufactured goods from South Africa, rather than promote the production of manufactured goods domestically.¹²⁴

It has also been noted that the customs agreement is absent of any arrangement to encourage industry to become established in the more remote parts of the customs union - a feature that is commonly found in most customs unions.¹²⁵ Thus, industry was likely to remain concentrated in the already industrialized centers in South Africa.¹²⁶ Despite these impediments, the Botswana Government committed its

¹²³ Although the Botswana government collects revenue as a result of its arrangement with the South African Customs Unions, this revenue is essentially a tax on Botswana consumers who are obliged to pay higher prices on imports in exchange for higher prices for exports. Up until 1992 the net effect of the arrangement resulted in the country incurring a 1.25% cost to the GDP. However, as exports have increased, net exports have also been gaining ground. As tariff rates have been subsequently lowered, Botswana now collects 'a modest net return.' See Clark J. Leith. *Why Botswana Prospered?*, 62

¹²⁴ Charles Harvey and Stephen R. Lewis. *Policy Choice and Development Performance in Botswana*, 188-189

¹²⁵ Ibid

¹²⁶ Ibid

expertise to stimulate growth in the private sector through the creation of pro-market policies and pilot institutions.

The government's entrepreneurialism has perhaps proved most significant in promoting its agriculture industry. As *The World Development Report 1979* comments, '... problems besetting the mineral economies spring from their tendency to neglect the development of non-mineral sectors, especially agriculture.' The Report found that economic incentives in these economies were structured in ways that were '... biased heavily against agriculture and most...did little to compensate for such biases through investments in agricultural infrastructure, extension services, research or credit.'¹²⁷

With the knowledge that a thriving capitalist economy could best be secured through investments in agriculture and the creation of employment, in 1966, the BDP took the initiative to establish the Botswana Meat Commission (BMC), to ensure that commercial cattle operations were conducted by a competent bureaucracy that could oversee its sustainability. The Beef Protocol between the Botswana Government and the European Union has also played an important role in the development of

¹²⁷ The World Bank. *World Development Report 1979*, 99

Botswana's cattle accumulators into a national cattle-based bourgeoisie. Since 1975, it has provided a lucrative market in which Botswana beef is bought at a price that is 30 percent higher than average world market prices.¹²⁸ Given the volatility of mineral prices, revenues from beef exports have provided an important alternative source of income to the country. Furthermore, the BMC has provided an important element of financial security for cattle accumulators attempting to transform their economic power base from rural to urban centers.

Along side its mining and beef promoting activities, necessary pilot institutions have been built to stimulate growth in the private sector. Knowing that the mining industry is a low labor and capital-intensive enclave, the Botswana Development Corporation (BDC) was created in 1970 as the epicenter for commercial and industrial development. As a financial and investment capital support agency, the BDC's primary role is to finance private sector projects by forming joint ventures with private business partners.¹²⁹ Foreign capital has been encouraged to invest in the country, also through

¹²⁸ Price determinants include annual conditions, the season of sales and market variables. In an attempt to improve the quality of its Beef exports the BMC overvalues high-grade beef by 9-19% while undervaluing lower grades by 8-10%. See N.H. Fidzani, P. Makepe and J. Tlhalefang. 'The Impact of Trade Liberalization on Botswana's Beef and Maize Sectors'. *BIDPA Working Paper 7*. Gaborone, Botswana: Botswana Institute for Development Policy Analysis (BIDPA).

¹²⁹ Republic of Botswana. *Privatization Master Plan 2005*

the BDC in collaboration with the Trade and Investment Promotion Agency.

Stating its official commitment to fostering 'sustainable industrial activity in the non-mineral sector, in 1974 economic planners introduced the first Industrial Policy (IP),'¹³⁰ which laid the foundations for the eventual drafting of the government's Industrial Development Policy (IDP) in 1984.¹³¹ The underlying purpose of the government's industrial policy was to 'take practical steps beyond traditional legal and regulatory instruments and to engage in targeted entrepreneurial development incentive and support mechanisms.'¹³² The Local Preference Scheme (LPS) was another scheme adopted in 1978, which offered price incentives in the form of discounts of up to 40 per cent on local products.¹³³ The intention of this scheme was to improve the competitiveness of the private sector, especially in manufacturing.¹³⁴

With the introduction of the Financial Assistance Policy (FAP) in the early 1980's, the

¹³⁰ Charles Conteh. 'Rethinking Botswana's Economic Diversification Policy: Dysfunctional State-Market Partnerships,' 553

¹³¹ Republic of Botswana, Industrial Development Policy, Government Paper 2, 1984.

¹³² Charles Conteh. 'Rethinking Botswana's Economic Diversification Policy: Dysfunctional State-Market Partnership,' 542

¹³³ Ibid

¹³⁴ Ibid

government made grants and subsidies available in order to create employment for 'unskilled workers, producing goods for export or import substitution.' with the objective of diversifying the economy away from its dependence on agriculture and mining.¹³⁵ A few years later, the FAP policies were amended to ensure 'equitable regional distribution' and included additional incentives for women to undertake entrepreneurial activity and establish small firms.¹³⁶ The success of these incentives can be marked by the fact that in 1988, only 19% of FAP grant recipients were women, but by 1993, 48% of FAP grants went to women-managed projects.¹³⁷

Unfortunately, efforts geared towards promoting private sector development have not been as fruitful as anticipated. Nevertheless, as Table 2 indicates, between 1982 and 1993, 474 Small and Medium scale businesses were created with the help of government FAP grants. Although manufacturing has rarely accounted for more than 5 percent of the country's annual GDP, with progressive economic diversification and integration strategies, it has consistently kept pace with rapid aggregate growth.¹³⁸

¹³⁵ MFDP. 'The Third Evaluation of the Financial Assistance Policy (FAP).' *Draft Final Report* (October, 1994)

¹³⁶ Francis Owusu and Abdi Ishmail Samatar. 'Industrial Strategy & the African State: The Botswana Experience.' *Canadian Journal of African Studies* 31:2 (1997), 275-276.

¹³⁷ Ibid

¹³⁸ Amy R. Poteete. 'Is Development Path Dependent or Political? A Reinterpretation of Mineral-Dependent Development in Botswana,' *Journal of Development Studies* 45:4 (2009), 553.

TABLE 2: Government Grants to Small and Medium Enterprise 1982-1993

Disbursements Since 1982 at Current Prices and Numbers of Grants							
Year	Amount of Grant Small (P'000)	Amount of Grant Medium/Large (P'000)	Total Disbursements (P'000)	Small Grants as %	No. of Small Grants (Agriculture)	No. of Small Grants (Industry)	No. of Medium & Large Businesses
1982	-	-	1,501	-	39	199	1
1983	454	1,106	1,560	29	-	103	21
1984	370	2,354	2,724	14	66	109	19
1985	551	3,636	4,187	13	31	110	24
1986	713	7,284	7,997	9	39	149	34
1987	918	8,503	9,421	10	34	133	63
1988	912	8,635	9,547	10	28	142	67
1989	2,189	11,228	13,417	16	50	220	51
1990	5,399	15,707	21,106	26	240	324	58
1991	8,205	22,041	30,246	27	231	338	58
1992	9,162	18,116	20,278	34	76	415	40
1993	10,437	21,018	31,455	33	17	432	38
Total	39,310	119,628	160,439	-	926	2,674	474

Source: MFDP (1994, 3-4, Tables 1.1 and 1.2)

Also aiding to ward off symptoms of Dutch Disease, the non-traded sector, including hotels, restaurants and tourism have also experienced considerable growth.¹³⁹ While the government has recognized that there is room for improvement in its economic diversification policies, meaningful progress has been made in attracting foreign investment, promoting a manufacturing base, propagating rural and small-scale business ventures,¹⁴⁰ and in creating conditions that are conducive to private investment.¹⁴¹

Through deliberate efforts the government of Botswana has succeeded in enhancing the state's capacity to exercise real market power in international markets, rather than falling subject to dependency relationships. A key component of this success lies in the ambitions of the leadership to construct market-enabling institutions that have allowed for the creation of public-private partnerships and alliances. At the same time, the administration has effectively provided incentives for citizens to engage in marketable activities on the ground. As an entrepreneur, the state has matched these programs by

¹³⁹ Ibid

¹⁴⁰ Charles Conteh. 'Rethinking Botswana's Economic Diversification Policy: Dysfunctional State-Market Partnership.' 541. See also Francis Owusu and Abdi Ishmail Samatar. 'Industrial Strategy & the African State: The Botswana Experience,' 274

¹⁴¹ Kempe Hope. *From Crisis to Renewal: Development Policy and Management in Africa* (Brill: Boston, 2002), 1.

seeking out and negotiating for better opportunities in international markets. However, an impending question remains as to how this consolidated bloc of elites has been able to emerge and forge ahead with a development program in the absence of any real opposition to the agenda being promoted? In order to derive a better understanding of how Botswana's nation building project has been facilitated and endured, the following section will explore theories on colonial influence and the affect that these would have on the inherited sociopolitical arrangements of all too many post-colonial states.

In much of Africa, the process required for establishing a regime-society coalition is viewed as an unfinished process. Many of the theories on colonial legacies draw on the problems encountered in the state formation process to explain the resulting patterns of institutional disconnect, which have come to characterize the post-colonial state in the broader African context.

Although a number of analysts have attempted to portray Botswana's success as a product of inheriting benevolent colonial institutions, therefore reducing the nation-building project to a mere product of path dependency, the first section of this chapter will demonstrate how Botswana's inherited political landscape was by no means superior to those inherited elsewhere. The following section explores the problems innate to modern state-building projects in much of Africa. The final section demonstrates that the rise of a developmental state in Botswana was a direct product of the deliberate actions undertaken by the administration to overcome the foreboding

institutional weaknesses inherited at independence. Fundamentally, this process has required that alliances be formed between those at the political center and the interests at stake in and amongst the inherited social landscape. The anomalous case of Botswana offers an opportunity to explore how a post-colonial state has shed the negative aspects of the colonial legacy to emerge as a prototype in resource management, transparency and good governance.

The Colonial Legacy:

Over the decades, a number of theories have been developed in an attempt to explain and distinguish successful versus failed development strategies in Africa. Much of the literature has drawn attention to the colonial era, directing their analysis towards the hierarchical social arrangements and the fragmented societies that states inherited at independence.¹⁴² Addressing these dynamics, Joel Migdal presents the theory of strong society – weak state, which argues that the dilemmas encountered by a number of African states attempting to consolidate their power can be explained by the fact that

¹⁴² When the control of plantations and products for export were transferred to marketing boards, in a number of countries newly liberated countries, the 'element of monopsony that had existed throughout the colonial period did not diminish, but instead was used to the benefit of the metropolitan bourgeoisie. This was particularly evident in the mining areas of East Central and South Africa. See Andre Gunder Frank. *Dependent Accumulation and Underdevelopment*. (New York: Macmillan Press, 1978), 159-161; Paul Baran. *The Longer View*, 249.

many states in post-colonial Africa inherited weak state structures, which could not effectively accommodate their strong society's hosting of a multiplicity of diverging interests and local power structures.¹⁴³ Similarly, Hamza Alavi suggests that political power was passed from the colonial overlords to the national leadership in the absence of a strong local bourgeoisie. As a consequence, many post-colonial states in Africa have endured, bereft of legitimacy, left instead to mediate between various social classes and the hegemonic metropolitan bourgeoisie.¹⁴⁴ While these explanations touch on important social dynamics, they cannot explain why such factors have not been prominent in Botswana.

The success of Botswana's state-building and economic development has often been attributed to the relationship that was forged between the British and the elites of Bechuanaland. As the argument goes, much of Botswana's success can be explained by the fact that the British left behind "good institutions" such as private property and the rule of law.¹⁴⁵ However, this argument does not account for the great discrepancies in

¹⁴³ Joel S. Migdal. *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World* (Princeton: Princeton University Press, 1988), 115-116.

¹⁴⁴ Hamza Alavi. 'Kinship in West Punjab Villages: Contributions to Indian Sociology,' *New Series* 4:1 (1972), 60-61.

¹⁴⁵ Daron Acemoglu, Simon Johnson, and James Robinson 'An African Success Story: Botswana: In Search of Prosperity: Analytic Narratives on Economic Growth,' ed. Dani Rodrik (Princeton, N.J.: Princeton University Press, 2003), 94.

growth and development between Botswana and other former British colonies in sub-Saharan Africa.¹⁴⁶ Furthermore, as Bechuanaland was merely a protectorate, at independence the leaders in Botswana faced a number of challenges for lack of import-export licenses, a central banking system or its own currency, to only name a few.

On a similar theme, historians have often pointed to the relatively benign relationship that the British established with the Bechuanaland protectorate.¹⁴⁷ Numerous accounts attest to the fact that the British neither exploited the natural resources of the country nor did they establish much in the way of social and physical infrastructure. Yet, despite the country's strong macroeconomic performance after independence, the social and economic fabric of Bechuanaland underwent significant changes under the influence of the colonial administration. For starters, in 1899, the colonial administration introduced a "hut tax," which required all Batswana families in possession of a hut to pay a one-pound tax. This proved to be a major strain on the

¹⁴⁶ In 2001, per capita incomes were considerably lower in the neighboring former British colonies of Zambia and Zimbabwe. In Botswana per capita income was \$7,820 while Zambia's was \$780, and Zimbabwe's was \$2,280. See World Bank. *World Development Indicators 2002 Online Database* (Washington: World Bank); See also Scott Beaulier and J. Robert Subrick. 'Political Foundations of Development.' Working Paper. Department of Economics, George Mason University, (2003), 6.

¹⁴⁷ Daron Acemoglu, Simon Johnson, and James Robinson. 'An African Success Story: Botswana: In Search of Prosperity: Analytic Narratives on Economic Growth,' 103

society as a large share of the population were merely subsistence farmers and were unable to pay the tax.¹⁴⁸ With few jobs available in the country, a large number of people were compelled to relocate into South Africa where, as Batswana, they were guaranteed employment in British mining operations. At its peak in 1943, the toll of Batswana migrants in South Africa comprised nearly 50 percent of Bechuanaland's total adult male population.¹⁴⁹ This had a number of consequences for the country's physical, economic, and social infrastructure. In time, the country's political and economic institutions became crippled to the extent that an independent Bechuanaland was deemed economically unviable. As Charles Harvey and Stephen Lewis explain,

*Despite more than eighty years of British rule, Botswana inherited very little in 1966: very little infrastructure and very few people with education, training, or experience except that provided by traditional activities and low level work in South African mines and farms...until independence...the country had no capital city, nor even the benefits of the small spending power of the colonial administration.*¹⁵⁰

Following a tour of the colonial Protectorate, Lord Hailey noted that 'the system in

¹⁴⁸ Quill Hermans. 'Towards Budgetary Independence: a Review of Botswana's Financial History, 1900-1973' *Botswana Notes and Records* 6 (1974), 89-115.

¹⁴⁹ Jack Parson. *Botswana: Liberal Democracy and the Labor Reserve in Southern Africa* (Boulder, Colorado: Westview Press, 1984), 27; Isaac Schapera, *Migrant Labour and Tribal Life: A Study of Conditions in the Bechuanaland Protectorate* (London: Oxford University Press, 1947), 1-39.

¹⁵⁰ Charles Harvey and Stephen Lewis. *Policy Choice and Development Performance in Botswana*, 15

Bechuanaland failed to provide any mechanism for political participation at the local level.¹⁵¹ In the presence of acute underdevelopment, sub-councils were established in 1957 in most districts by the Colonial Development Commission. The aim of this commission was to promote a class of cattle accumulators in various parts of the country.¹⁵² Most of these cattle accumulators were drawn from the traditional aristocracy (i.e. chiefs and headmen) and the new colonial intelligentsia, consisting largely of teachers and civil servants, with Tswana chiefs holding the reins of authority.¹⁵³ This was upheld by the British Protectorate's approach to indirect rule, which gave primacy over territories to tribal chiefs whose territorial jurisdictions were then enlarged with the support of the British Empire.¹⁵⁴ The latter occupied positions that enabled them to exercise control over borehole allocation and ownership, to acquire large herds from stray cattle and to exert considerable control over large grazing areas.¹⁵⁵ The new intelligentsia was able to use their income to invest in more cattle and in drilling collective boreholes.¹⁵⁶

¹⁵¹ Lord Hailey, *Native Administration in the British African Territories, Part v, The High Commission Territories: Basutoland, the Bechuanaland Protectorate and Swaziland* (London, 1953), 328-31. Louis A. Picard. 'District Councils in Botswana - A Remnant of Local Autonomy.' *The Journal of Modern African Studies* 17:2 (1979), 288.

¹⁵² Louis A. Picard. 'District Councils in Botswana-A Remnant of Local Autonomy,' 288

¹⁵³ Terrence Carroll & Barbara Wake Carroll. 'The Rapid Emergence of Civil Society in Botswana,' 33n

¹⁵⁴ Clark J. Leith. *Why Botswana Prospered?*, 28-29

¹⁵⁵ Balefi Tsie. 'The Political Context of Botswana's Development Performance.' *Journal of Southern African Studies* 22:4 (1996), 600.

¹⁵⁶ Ibid

As in other African countries at independence, political power in Botswana was passed over to a petty bourgeoisie that was weak in relation to the greater social configuration. In 1966, when the BDP took power, *kgotlas*, traditional forums for consultation between tribal leaders and their people, were therefore, preserved and incorporated into the system of government. The decision to retain the *kgotla* system is one that has gained credit for conserving peace and stability in the country by circumventing the potential for opposition from chiefs or discontent from within the peasantry.¹⁵⁷ It is for this reason that although the politicians exercising political authority have gradually curtailed the powers of chiefs, tribal institutions continue to play an important role in connecting Batswana society to the political center.

Elsewhere on the continent, efforts to revive traditional forms of authority have recently been undertaken by a number of governments with varying degrees of success.¹⁵⁸ At the regional level, discrepancies exist in the abilities of central governments to exercise their authority, particularly when the interests promoted by

¹⁵⁷ Scott Beaulier and J. Robert Subrick. 'Political Foundations of Development.' 28; Abdi Ishmail Samatar. *An African Miracle*, 46-47

¹⁵⁸ Hubert M. G. Ouedraogo, 'Decentralisation and Local Governance: Experiences from Francophone West Africa'. *Public Administration & Development* 23: 1 (2003), 97- 98.

the central government collide with those of rural notables.¹⁵⁹ These differences have shaped the institution-building strategies of governments seeking to secure their rule and in their attempts to integrate various regional interests into a national strategy.¹⁶⁰ The following section will explore the dilemmas that have been encountered by states attempting to integrate traditional forms of authority with the ambitions of the leaders at the national level. This will lead into an examination of how the state in Botswana has reconciled these interests by giving tribal leaders an economic incentive to ally with the center of government.

Pathways to Institutional Reconciliation and Matters of Interest

Although in Botswana, the process of national integration was achieved, at least in part by incorporating tribal chiefs into the country's political arena, this process alone has not guaranteed that benevolent state-society relations will follow. As Jesse Ribot notes, efforts made by central governments to co-opt customary forms of authority and their accompanying institutions have rarely resulted in democratic forms of government.

According to Ribot,

¹⁵⁹ Ibid

¹⁶⁰ Catherine Boone. *Political Topographies of the African State: Territorial Authority and Institutional Choice* (New York: Cambridge University Press, 2003), 11; 26-27.

[Traditional leaders] often inherit their positions, and their degree of local accountability depends on their personalities and local social and political histories. They may or may not be accountable to local populations. While they are often depicted as legitimate, their legitimacy may be as much a product of fear as of respect, or may come entirely from powers and backing given to them by central government or donors.¹⁶¹

The potential drawbacks implicated in co-opting nondemocratic forms of authority have been well documented. Scholars have voiced a number of concerns, fearing that rather than enfranchising local people under democratic rule, opting for a coalition with traditional rulers has left local populations vulnerable to arbitrary authority ‘without representation, rights, or recourse.’¹⁶² Michael Bratton and Nicolas van de Walle draw attention to a distinctive institutional hallmark in African regimes, which they refer to as neopatrimonialism, wherein chief executives typically maintain authority through personal patronage.¹⁶³ Although certain aspects of neopatrimonialism can surely be found in all polities, Bratton and van de Walle argue that in Africa this has become a central feature wherein unaccountability, patriarchy

¹⁶¹ Jesse Ribot, ‘Democratic Decentralization of Natural Resources: Institutionalizing Popular Participation.’ *World Resources Institute Report* (2002), 49.

¹⁶² Ibid; See also Mahmood Mamdani, *Citizen and Subject*. (Princeton, NJ: Princeton University Press, 1996) Michael Bratton & Nicolas van de Walle, ‘Neopatrimonial Regimes and Political Transitions in Africa.’ *World Politics* 46:4 (1994), 459.

¹⁶³ Ibid., 455

and ascription are prevailing traits in politics.¹⁶⁴

Colonial powers have used a number of arrangements to administer over their colonies. While indirectly ruled colonies promoted chiefs as intermediaries linking the colonial administration with the local populations, directly ruled colonies are administered through colonial officials that interact face to face with the locals. To this end, other scholars have argued that the common British style of indirect rule in Bechuanaland has been a precondition for the eventual emergence of a developmental state in Botswana.¹⁶⁵

Yet, much academic work has been devoted to analyzing the different networks that have linked colonial states with indigenous populations - all in an effort to decipher the various effects that these established orders have had on state-society relations post-independence. What is clear is that views on the appeal of co-opting traditional forms of authority are conflicting.

¹⁶⁴ Ibid., 558

¹⁶⁵ Daron Acemoglu, Simon Johnson, and James Robinson. 'An African Success Story: Botswana: In Search of Prosperity: Analytic Narratives on Economic Growth,'103; Scott A. Beaulier. 'Explaining Botswana's Success: The Critical Role of Post-Colonial Policy,' 231

Contesting the theories on colonial inheritance, other theorists have argued that differences in institutional design have come to be formed endogenously, and that a number of political struggles that have surfaced between rulers and the ruled are the direct product of territorial and social arrangements.¹⁶⁶ Remarking on the diverse institutions that have taken form in and across national boundaries, Catherine Boone proposes that the differences in political or administrative arrangements that have emerged can be explained by looking to the efforts made throughout history by numerous groups in society to entrench their interests in opposition to other groups.¹⁶⁷ According to this perspective, different configurations of rural authority have had inevitable outcomes in modern state building, with 'enduring implications for the degree of political autonomy assumed by authorities at the local level, the level of accountability assumed by rural elites and the interests encompassed within localities that compel rural authorities to resist or coalesce with the political center.'¹⁶⁸ What emerges from this conclusion is the possibility that opportunities for economic development and democracy are decisively shaped by these factors. The implication is

¹⁶⁶ Hubert M. G. Ouedraogo. 'Decentralisation and Local Governance: Experiences from Francophone Africa,' 99

¹⁶⁷ Conflicts of interest are not only limited to elite versus peasant, but also urban over rural and the centre over periphery. See Catherine Boone. *Political Topographies of the African State: Territorial Authority and Institutional Choice*, 11; 26-27

¹⁶⁸ *Ibid.*, 2

that options for institutional reconciliation in African states may be more grounded in traditional social arrangements than has previously been acknowledged.¹⁶⁹

Political arrangements have undoubtedly evolved out of competing interests and the struggles for power that have occurred between contending groups. However, it is perhaps misguided to interpret political outcomes as being solely the result of struggle and conflict. In an effort to distinguish developmental states from the conventional regulatory state, analysts have proposed that although all states formulate and enforce rules to promote or inhibit the initiatives of private actors and assume some degree of responsibility in delivering goods and services, developmental states are observed to take on additional tasks.¹⁷⁰ They also engage in balancing and managing conflicting local and national-level concerns and undertake decisions on what areas and in what forms intervention is needed to promote growth in ways that are both pro-poor and have the potential to sow the seeds of opportunity for growth and income generation in the future. In these activities, developmental states have revealed the possibility that opportunity structures, incentives and alliances have an equal role to play in shaping social arrangements and political outcomes. Although all post-colonial states have

¹⁶⁹ Ibid., 3

¹⁷⁰ Ha-Joon Chang. 'The Economic Theory of the Developmental State,' 192-199.

made attempts to branch out their networks of authority in and across their territorial boundaries, many have been challenged to assemble their multi-layered societies within a single sphere of influence.¹⁷¹

The contending institutional crisis affecting economic management in Africa is often understood as one of structural disconnection between formal institutions previously imposed by outsiders and enduring traditional institutions, beliefs and values. Because the nature of regional interests diverge from one place to another, different forms of alliances are likely to emerge, which means that a variety of institutional arrangements are also possible. Mamadou Dia maintains that institutional reconciliation is necessary, however, rather than formalizing informal institutions or informalizing formal institutions, the reconciliation process will require a convergence between the two.¹⁷²

The dilemma can then be seen as a question of how to establish an alliance between potentially diverging interests at the regional level and those at the center.

Botswana has differed from other countries in that as the economy has grown, most

¹⁷¹ Jeffery Herbst. *States and Power in Africa*. (Princeton, NJ: Princeton University Press, 2000), 248-249.

¹⁷² Mamadou Dia. *Africa's Management in the 1990s and Beyond: Reconciling Indigenous and Transplanted Institutions*. (Washington: The World Bank, 1995), 33.

revenues have been reinvested rather than siphoned from government coffers or into the pockets of the heads of state or tribal leaders. The question is how has the state in Botswana been able to retain tribal chiefdoms and use them to the benefit of district development, without falling subject to corruption or the aspirations of self-interested leaders? The following section will explore how institutional reconciliation has been achieved in Botswana, with the continuing presence of tribal chiefdoms. The next section will also argue that the emergence of a strong central government, with the capacity to deliberate on economic policy can be explained by the fact that the leadership took direct action to overcome the institutional weaknesses inherited from its colonial past. By devising a national strategy that at once encouraged pro-market activities and promoted the interests of the population on a broader scale, the BDP government was able to win the support of key figures. These figures have granted the state the legitimacy required for a relatively autonomous state to forge ahead with a developmental program.

The Creation of a State-Society Coalition

To realize a development project, it is essential that the ruling elite is willing and able to create alliances with those already wielding power in society, while remaining

autonomous in its power of economic decision-making.¹⁷³ As an entrepreneurial agent in its own right, a developmental regime is one that ‘...engages in institution building to promote growth and development,’ which also necessitates that it must play a role in domestic conflict resolution.¹⁷⁴

With the ongoing presence of tribal chiefdoms, at independence, the BDP faced the challenge of extending its influence and in promoting its vision of a nation-building project. However, the political elites neither positioned counter to the interests of rural authority, nor did the political center extend favors to regional leaders to the detriment of the local population. Instead, alliances were created between the state and the chiefs, who largely comprised of the country’s dominant class of cattle accumulators, by placing the beef industry at the forefront of national development plans. What is perhaps crucial to this strategy, is that small and medium-sized cattle farmers were also given access to resources and services extended to the traditional aristocracy. By provided incentives to upgrade agriculture production methods and increase output, large portions of the population could benefit from an alignment with the prerogatives

¹⁷³ Hildegunn Kyvik Nordås, Gilbert Sekgoma and Gloria Somolekae. *Managing Good Fortune: Macroeconomic Management and the Role of Aid in Botswana*. (Oslo: Royal Norwegian Ministry of Foreign Affairs, 1998), 8.

¹⁷⁴ Ha-Joon Chang. ‘The Economic Theory of the Developmental State,’ 192-199

of the central government.¹⁷⁵

Overtime, the political clout of tribal chiefs gradually diminished under the new administration, with minimal resistance. This was perhaps a partial result of the fact that retaining their original political power-wielding roles became less important as alternative wealth enhancing opportunities became available. For the most part, chiefs have been encouraged to direct their efforts at increasing the value of their private cattle herds, and on making sound economic decisions that could benefit their entire tribes.¹⁷⁶ By offering incentives in the form resources and services, the Botswana Meat Commission has served as an important mechanism not only to promote Botswana beef, but as a means of incorporating a mixture of interests into a national project. With good returns in cattle production, a predominantly agrarian bourgeoisie class has profited and has since pursued broader market activities, steadily diversifying into commerce, manufacturing, hospitality and real estate. As education levels improved, the following generations would come to take over top positions in the civil service that were previously staffed by expatriates.

¹⁷⁵ Abdi Ismail Samatar. *An African Miracle*, 105-106

¹⁷⁶ Ibid

The experiences of developmental states such as Botswana demonstrate the possibility that a relatively autonomous state can seek to instigate a particular accumulation strategy by forging alliances with various groups in society.¹⁷⁷ Viewing economic outcomes as products of social and political institutions, and not simply the result of prevailing market conditions, the BDP has been able to secure its rule and win legitimacy for its chosen development agenda. This has resulted in the party's re-election in every national election since independence.

Despite inheriting lamentable conditions from its colonial past, the BDP was able to secure its rule and win support from the traditional aristocracy. However, as this chapter has argued, in order to enlarge the scope of the developmental project, the BDP had to address the needs of society on a broader scale. This has required that the state expand its influence and enhance its administrative capacity in and across the country. The following chapter will explore how this administrative feat was accomplished.

¹⁷⁷ Peter B. Evans. *Embedded Autonomy: States and Industrial Transformation*, 18

In Botswana, the primacy of the central government has allowed the ruling elite the capacity for autonomous decision-making. State autonomy is considered by theorists to be an important factor because it allows politicians and technocrats the leverage to alter the institutional landscape and enlarge the state's capacity for decisive and coherent policy formulation.¹⁷⁸ Nevertheless, realizing the many advantages of decentralization, Botswana has promoted governance at the local level with the ongoing assistance of its traditional tribal institutions. This has been accomplished formally through the creation of statutes, as well as informally, through administrative measures that have not been formally recognized.¹⁷⁹ Yet, the optimism for decentralization has not reverberated unanimously in the proceedings of African leaders and policy makers. In order to derive a better understanding of how certain factors have contributed to or detracted from the capacity of a government to deliver services to the public, the first section of this chapter explores the structural and political dynamics of administrative networking. The question of interest surrounds the

¹⁷⁸ Abdi Ismail Samatar. 'National Institutions for Development: The Case of Botswana,' 233-234; Charles Conteh. 'Institutional Legitimacy in State-Market Partnership: Singapore and Botswana,' 369-383

¹⁷⁹ Kempe Hope. *From Crisis to Renewal: Development Policy and Management in Africa*, 64

problem of devising an administrative apparatus that can address the needs of the people in question, without detracting from the political centers' ability to carry out policy prescriptions.

Drawing on a comparison of the administrative networks emerging out of Sierra Leone and colonial Mauritius, the relationship between the administrative networks and state-society relations will be examined. In Sierra Leone, decentralization has been viewed as a factor that has contributed to the creation of an environment plagued with rampant corruption and despotism. This is a stark contrast to the administrative network constructed in post-colonial Mauritius, where decentralization is deemed to be a strategy that has successfully created the conditions necessary for good state-society relations, growth and development. Taking from the works of Matthew Lange and Ron Burt, the discussion will then focus on the factors that are observed to enable or inhibit synergistic types of relationships in other post-colonial states where social landscapes play host to a mix of modern and traditional institutions. In the final section, it is then argued that in Botswana, the decision to decentralize the administration is one that has been of great benefit to the development program. With a network offering a number of branches, the administration has been made easily accessible to the public, which also

has helped to ensure that authorities remain, for the most part, accountable to numerous parties. However, what has perhaps been critical to the workings of the system is that the central government has remained the ultimate authority, with sufficient capacity to oversee the workings of the system and uphold standards. This is most evident in areas of resource management and economic planning.

The Politics of Institutional Variation

In Africa, where institutional arrangements were designed to shore up and reinforce traditional hierarchies and forms of authority, regimes delegated or devolved administrative powers to selected representatives from within these social arrangements.¹⁸⁰ The opposite strategy, to centralize, is understood as the process of aggregating the powers and prerogatives of the state by directing affairs through administrative agents, all created by the center, without conferring any autonomous power of decision making to localities or sub national units in their own right. Although

¹⁸⁰ Studies on spatial concentration have elaborated on the administrative networks that exists linking state agencies at the center to the localities, and even further onto the periphery. In concentrated networks, the presence of the state in localities is minimal. Spatial deconcentration exists where the state apparatus consists of a more expansive administrative network, 'where many institutional layers are interposed between localities and the capital city. In localities, the presence of the state is visible and multifaceted: village cells of the state will often branch out their administrative networks to oversee producer cooperatives. Where there is considerable deconcentration on the other hand, multiple points exist for citizens to obtain access to state resources and administrative prerogatives.' See Catherine Boone *Political Topographies of the African State: Territorial Authority and Institutional Choice*, 31; See also David Cohen & Jack Parson. *Administrative Decentralization: Strategies for Developing Countries*. (West Hartford: Kumarian Press, 1999).

post-colonial states previously sought to centralize the powers of the state as the nation-building strategy of choice, today 'the highly centralized monolithic state is now being displaced in favor of a more decentralized version.'¹⁸¹

For new rulers in the 1960's, established agrarian elites could either form alliances or instigate rivalry with the central government. The interests of rural elites, often a reflection of the 'mode of surplus appropriation' in the region, could form their political strategies according to these interests.¹⁸² Where wealth is accumulated independent of the state, rural elites have tended to demand more autonomy.¹⁸³ Dependency has often become a factor because of the tendency to give local authorities the incentive to align with the state to form power sharing relationships, where the center yields to demands for the *de facto* devolution of administrative authority.¹⁸⁴ However, as Anwar Shah advises, these relationships have at times evolved into situations where sub national units follow 'beggar-thy-neighbor' policies, seek 'free-ridership with no accountability

¹⁸¹ Racheal Diprose & Ukiwo Ukoha. 'Decentralisation and Conflict Management in Indonesia and Nigeria.' CRISE Working Paper 49. (2008), 4.

¹⁸² Catherine Boone. *Political Topographies of the African State: Territorial Authority and Institutional Choice*, 35-36

¹⁸³ Robert Brenner. 'Agrarian Class Structure and Economic Development in Pre-Industrial Europe.' *Past and Present*, 70 (Feb., 1976), 30-76.

¹⁸⁴ Catherine Boone. *Political Topographies of the African State: Territorial Authority and Institutional Choice*, 20

and, in pursuit of the interests of the few, have often undermined national unity.¹⁸⁵

The idea behind decentralization is that it is expected that by shifting power away from the center, public service responsiveness, accountability, transparency, and citizen's participation will be enhanced.¹⁸⁶ Kempe Hope defines decentralization as

*The transfer of power, authority or responsibility for decision making, planning, management or resource allocation from any level of government to its field units, district administrative units, other levels of government, regional or functional authorities, semi autonomous public authorities, parastatal organizations, private entities and non-governmental or private organizations.*¹⁸⁷

It is anticipated that devolving powers will realize a democratic end by bringing government outposts closer to the people, increasing the states administrative capacity so as to become more responsive to the concerns of local communities. As Racheal Diprose and Ukiwo Ukoha suggest,

Decentralization has gained increasing attraction...as an appropriate institutional

¹⁸⁵ Anwar Shah, "Fiscal Decentralization in Developing and Transition Economies: Progress, Problems and Promise." World Bank Policy Research Working Paper 3282 (2004), 2.

¹⁸⁶ Ibid; see also David Cohen and Jack Parson. *Administrative Decentralization: Strategies for Developing Countries*.

¹⁸⁷ Kempe Hope. *From Crisis to Renewal: Development Policy and Management in Africa*. (Brill: Boston, 2002), 64.

*framework for diverse societies. This is in addition to the current development orthodoxy of reducing the power of national governments and bringing decisions closer to the populace.*¹⁸⁸

Decentralization is also viewed as having the 'potential to deflate national level inter-group conflict for power, resources and control, particularly in nations with diverse ethno-religious groups which are regionally concentrated...' it is therefore argued that 'contentious center-periphery relations can be improved.'¹⁸⁹

Decentralization can take on many different forms. Deconcentration is the least extensive form of decentralization wherein 'selective administrative functions are passed down to lower levels of government or sub national units within government agencies or departments.'¹⁹⁰ Here very little decision-making can be exercised without approval from the center. In these arrangements, agents at the center are often observed to 'establish partnerships and brokerage relations with rural authority figures.'¹⁹¹

¹⁸⁸ Racheal Diprose & Ukiwo Ukoha. 'Decentralization and Conflict Management in Indonesia and Nigeria,' 4

¹⁸⁹ Ibid

¹⁹⁰ Kempe Hope. *From Crisis to Renewal: Development Policy and Management in Africa*, 65

¹⁹¹ Ibid

Delegation is where the central government transfers specific responsibilities and decision-making functions 'to organizations that are outside the bureaucratic structure and are only indirectly controlled by the central government.'¹⁹² Still, the authorities at the center reserve the right to overturn decisions and to reclaim power at any time and administer over the affairs in question. Devolution refers to the delegation of certain decision-making functions to lower levels of authority within the given administrative network. This allows for authorities at different levels of government to take full responsibility for precise activities within a certain set of guidelines, without referring back to the center.¹⁹³ Expenditures may be more decentralized than revenues, or vice versa and some transfers may be more heavily 'conditioned' than others, as well as access to credit.

As far as spatial concentration is concerned, one dimension for consideration is that of the procedural variation, referring to the roles of authority and the *de facto* devolution of power. At one end of the spectrum, the political center may reserve the right to determine the exact role and the amount of political leverage that local leaders will

¹⁹² Ibid

¹⁹³ Ibid

have at their disposal to enforce decisions.¹⁹⁴ In higher concentrated arrangements, there is minimal to no devolution of authority to political players at the local level. At the opposite end of the spectrum, considerable control over the use of state resources and the responsibility over the redistribution of these resources is 'devolved', meaning transferred from the central government to sub-level outposts, according to the spatial distribution of power. Yet, even to this day, the economic indicators for countries that have undertaken different forms of decentralization have indicated that the effects of decentralization can be both positive and negative¹⁹⁵ Problems that have been recurrent in decentralized arrangements are bureaucratic delays, the inability to implement national standards, and incidents where sub national units transfer locally generated deficits to different levels of the system.¹⁹⁶

Decentralization has also been criticized for 'encouraging the promotion of ethnic, regional or communal identities that are antithetical to national identity,' often serving instead as source of conflict, which in the past have led to separatist mobilizations.¹⁹⁷

¹⁹⁴ Catherine Boone. *Political Topographies of the African State: Territorial Authority and Institutional Choice*, 31-32

¹⁹⁵ Yonatan Fessha, & Coel Kirkby, 'A Critical Survey of Subnational Autonomy in African States.' *The Journal of Federalism* 38: 2 (2008), 251.

¹⁹⁶ Anwar Shah, 'Fiscal Decentralization in Developing and Transition Economies: Progress, Problems and Promise,' 2

¹⁹⁷ Hardgrave, Robert Jr. *Nationalism, Ethnic Conflict and Democracy*. (Baltimore: John Hopkins

Where traditional, religious or other customary forms of authority have become implicated, decentralization has been observed to generate conflict by working against the entrenchment of democratic values when power and resources are transferred through arbitrary networks or where institutions are devised to the benefit of certain individuals and groups.¹⁹⁸ Under these circumstances, decentralization can promote 'spheres of domination' where particular groups amass a great deal of influence over political and economic decision making to the detriment of minority groups in the region.¹⁹⁹

One example where the separation of powers has arguably fueled conflict can be drawn from Nigeria. In the 1970's, elected state officials and community based organizations in the oil rich Niger Delta region mobilized in opposition to the central government, demanding larger portions of the federally collected oil revenues that accrued to the region on the basis of the federal governments derivation policy.²⁰⁰ The controversy at

University Press, 1994); UNDP. 'Beyond Security, Power, Poverty, and the Global Water Crisis'; Henderson, J. Vernon. 'The Effects of Urban Concentration on Growth.' *Working Paper 7503* (National Bureau of Economic Research, 2000); Will Kymlicka. *Theories of Secessionism: Is Federalism a Viable Alternative to Secessionism?* (New York: Routledge Press, 1998).

¹⁹⁸ Catherine Boone. *Political Topographies of the African State: Territorial Authority and Institutional Choice*, 20

¹⁹⁹ *Ibid.*, 5

²⁰⁰ The Niger Delta is not only the region where 95% of Nigeria's oil output is extracted, it is also home to approximately one quarter of the countries 389 ethnic groups, a number of which have historically mobilized in opposition to the political favoritism that is extended to Nigeria's three dominant ethnic

this time precipitated from a common perception that the allocation formula for revenues derived from oil was structured to the detriment of oil producing regions, with the minority ethnic groups claiming the change was affected in favor of the major ethnic groups in the non-oil producing states.²⁰¹

The varied outcomes that have surfaced from the numerous experiments with decentralization have prompted researchers to stress the importance of institutional design, while also stressing the importance of intervening variables such as context, especially the size and concentration of minorities, and the nature of decentralized institutions and their governing structures.²⁰² Analyzing the link between institutions and the political relationships between national and sub national actors, the theory of linkage politics provides an explanation for the variations in the capacity of states with multiple levels of government to implement economic reform.²⁰³ Moving beyond the zero-sum view of intergovernmental relations found in many studies, Assema Sinha defines linkage mechanisms as 'institutions, networks, and resources that span different levels, allowing actors located in different spatial arenas to interact across

groups. Abiodun Alao. *Natural Resources and Conflict in Africa: The Tragedy of Endowment*, 170

²⁰¹ Ibid., 162

²⁰² Ibid

²⁰³ Aseema Sinha. 'Political Foundations of Market-Enhancing Federalism: Theoretical Lessons from India and China,' *Comparative Politics*. 37:3 (2005), 352.

these arenas... The focus of this theory is on how linkage mechanisms affect political and economic incentives of central, regional [and local] incumbents in different systems.'²⁰⁴

In an analysis of intergovernmental relations in India and intraparty relations in China, Sinha observes that where sufficient linkages have been established between regional and central actors, interactions have been facilitated, enabling some to gain from economic reform measures.²⁰⁵ Emphasizing the importance of incentives, Sinha puts forth the following observation:

Certain political dimensions provide linkage mechanisms for local preferences and interests to transmit evenly throughout the system, making economic reform self-sustaining...The benefits of decentralization depend very much on political linkage mechanisms that may moderate conflict across levels and enhance joint benefits between the central incumbents and local rulers.²⁰⁶

Given that in many instances, it may be necessary for policies to come from the combined efforts of different levels of government, it can be concluded that the state

²⁰⁴ Ibid., 342

²⁰⁵ Ibid., 338

²⁰⁶ Ibid

must also establish the necessary framework to enable the formation of institutional linkages. These links must be both formal and informal, to link the commanding heights to the grass roots so that development plans can be forged in step with the diverging interests of various social groups. Anwar Shah adds to the equation the notion of creating an 'authorizing environment,' which 'represents the institutional mechanisms to translate a constitutional mission into concrete objectives and actions. These include societal norms, formal and informal rules, procedures and organizations dealing with participation, consultation, policy-making and accountability.'²⁰⁷ Reservations on the issue of which level of government should carry out these responsibilities seems to stray from a more significant question - how can a state administration be devised in such a way that engages actors - be they sub national units, associations or the private sector - and ensures that desired goods and services are delivered to the public and not to the benefit of certain self-interested individuals in positions of authority?

Where the destabilizing effects of decentralization are often noted to take root is in the incentives that have been put in place for actors to participate and collaborate with one

²⁰⁷ Anwar Shah. 'Fiscal Decentralization in Developing and Transition Economies: Progress, Problems and Promise,' 2

another. This is because participation will vary according to an actor's perception of how much and what type of impact their involvement will have. Notably, Chanchal Sharma advises 'the aim is to create institutions that provide disincentives for citizens to free ride or for decision-makers at various levels of government to either overgraze the fiscal commons or evade responsibility for citizens whose needs place disproportionate burdens on public expenditure.'²⁰⁸

Structural Holes to Structural Synergies

Probing into problems of accountability in administrative networks, Ron Burt warns of a particular form of network configuration -a structural hole- where information, resources, and power are concentrated in the hands of intermediaries.²⁰⁹ A structural hole exists in a network of social relations when two actors are connected by a third. Most basically, in the absence of the necessary institutions, a person in an intermediary position in a network of relations can acquire the capacity to provide other individual actors with the ability to exploit information and resource flows for personal gain.²¹⁰

This privileged position may further enable an exclusive member of society to extract

²⁰⁸ Chanchal Kumar Sharma 'When Does Decentralization Deliver? The Dilemma of Design.' MPRA Paper 250, (2005), 92.

²⁰⁹ Ron Burt, *Structural Holes versus Network Closure as Social Capital*. (Chicago: University of Chicago and Institute européen d'administration d'affaires INSEAD, 2002), 34-36.

²¹⁰ Ibid

rent from those who want access to information and resources, but are otherwise excluded. Matthew Lange explains the large-scale corruption exhibited in Sierra Leone as largely a product of structural holes, which he attributes to the ongoing presence of tribal chiefdoms. However, a number of institutional weaknesses have been argued to perpetuate these problems.

For Sierra Leone, at independence in 1961, the prospects for growth and prosperity looked remarkably good. Throughout colonial rule, Sierra Leone acquired highways, railroads, schools, and a university. The outlook for economic success was further reinforced by the fact that the country is the home of the legendary Sierra Leonean diamond. In the 1960s and 1970s, 'diamonds dominated the economy, accounting for about 70 per cent of the country's foreign exchange earnings.'²¹¹ However, once the country's diamond industry became nationalized, corruption skyrocketed.²¹² The potential for the country to derive benefits from its enormous source of diamond wealth was stifled, as rampant smuggling deprived the country of much needed tax

²¹¹ Lasana Gberie. 'War and Peace in Sierra Leone: Diamonds, Corruption and the Lebanese Connection,' Occasional Paper no. 6, *Partnership Africa*, (2002), 6.

²¹² Roy Maconachie. 'Diamond Mining, Governance Initiatives and Post-conflict Development in Sierra Leone.' *BWPI Working Paper 50* (2008), 5.

revenue and kept the volume of legitimate diamond exports very low.²¹³

Since diamonds were discovered in an area within the summons of this British colony, minerals were extracted to the benefit of the colonial administration and British mining companies. With benefits beyond the reach of the indigenous population, the British company holding the monopoly over the most lucrative diamond areas, the Sierra Leone Selection Trust (SLST), was seen by the natives as a 'racket, principally aimed at robbing the country's resources and enriching foreigners.'²¹⁴ Consequently, illicit mining and smuggling came to be seen as acts of heroism, benefiting of those in and amongst the surrounding communities. Furthermore, minerals were not considered a state resource, but 'the property of the indigenous population and under the control of the Paramount Chief and Tribal Authority.'²¹⁵

Although in Sierra Leone there was a Government Gold and Diamond Office (GGDO) established to oversee the collection of revenues, most of the funds never reached this

²¹³ Lasana Gberie. 'War and Peace in Sierra Leone: Diamonds, Corruption and the Lebanese Connection,' 6

²¹⁴ Government of Sierra Leone, 'Interim Report on the Alluvial Diamond Mining Scheme 1956,' Confidential MD. 111:36, (June, 1956), 221.

²¹⁵ Matthew Lange. 'Structural Holes and Structural Synergies: A Comparative-Historical Analysis of State-Society Relations and Development in Colonial Sierra Leone and Mauritius,' *International Journal of Comparative Sociology* 44:4 (2003), 375.

agency. Mineral rights were vested in tribal lands, and the administrative network that emerged out of the construction of chiefdoms and district administration is said to have empowered both District Commissioners, and the chiefly land owning class to maintain their hegemony over subordinates 'through tributary demands, agricultural corvées, polygyny, and other "customary" claims upon their labor and resources.'²¹⁶ With poorly paid mine monitors and a Ministry of Mineral Resources that lacked any means for oversight or security, the incentive for corruption was significant.²¹⁷ Under these conditions, District Commissioners and Chiefs were easily able to exploit their intermediary positions at structural holes in order to take control of resource flows, hide information and monopolize services.²¹⁸ Positive synergies between a state and society, however, require information flows from a sustained network to facilitate policy dialogue between the central administration in question and the interests of the collective.²¹⁹ This has led a number of scholars to stress the importance of creating civic networks.²²⁰

²¹⁶ Paul Richards, 'To Fight or to Farm: Agrarian Dimensions of the Mano River Conflicts (Liberia and Sierra Leone), *African Affairs* 104: 417 (2005), 525.

²¹⁷ Lasana Gberie. 'War and Peace in Sierra Leone: Diamonds, Corruption and the Lebanese Connection,' 6

²¹⁸ Matthew Lange. 'Structural Holes and Structural Synergies: A Comparative-Historical Analysis of State-Society Relations and Development in Colonial Sierra Leone and Mauritius,' 385.

²¹⁹ Ibid

²²⁰ Civic networks can be envisaged as 'forms of policy engagement between states and societal interests, including ethnic groups and private sector actors. Although these groups are considered independent from the government, 'the process of engagement is largely orchestrated by government.'

Lange provides a comparative analysis between the administrative networks in Sierra Leone, where resource mismanagement was ostensibly facilitated by a highly decentralized system, and the state in post-colonial Mauritius, where decentralization has been followed by commendable achievements in economic growth, social development and democracy. The findings suggest that structural holes were inherited in Sierra Leone, where the British administered over the protectorate indirectly through chiefdoms while the developments that took place in post-colonial Mauritius have been facilitated by a dense administrative network with numerous access points that permitted associations and councils to engage large segments of society, therefore permitting communication to flow freely.²²¹ State programs were able to adapt to local conditions, and have thereby expanded the state's information network and coordination capacity.²²²

From the findings it is indicated that with an administrative web stretching throughout the entire colony and with established ties to the local communities, few structural holes existed when power was passed from the colonial overlords to the Mauritian

See Terrance Carroll & Barbara Wake Carroll. 'The Rapid Emergence of Civil Society in Botswana,' 11-14.

²²¹ Matthew Lange. 'Structural Holes and Structural Synergies: A Comparative-Historical Analysis of State-Society Relations and Development in Colonial Sierra Leone and Mauritius,' 375.

²²² Ziya. Onis, 'The Logic of the Developmental State.' *Comparative Politics* 24 :1(1991), 110-111.

Labor Party in 1947. As a result, when the state initiated development programs after independence, rent seeking similar to that in Sierra Leone did not happen.²²³ Instead, both state actors and society were permitted to engage with one another in a type of relationship that enabled each to exploit their comparative advantages of the other.

The idea of embedding a state administrative network takes into account that synergistic relationships can be established, allowing private actors and interest groups to use the state's central control, its resources, and its intransience to the benefit of the mode of production.²²⁴ The state in its turn can benefit from the market's ability to discipline production and 'engage large numbers of individuals.'²²⁵ However, in the context of a resource-based economy, it is necessary to acknowledge the attributes of both the resources in question and the social make-up of the country when formulating decisions on how to coordinate activities and redistribute the revenue from these resources. Also imperative is that policymakers recognize the challenges implicated in mediating between various interest groups and stakeholders, as well as the limitations that are present in undertaking this task. Most importantly, institutions must be geared

²²³ Matthew Lange. 'Structural Holes and Structural Synergies: A Comparative-Historical Analysis of State-Society Relations and Development in Colonial Sierra Leone and Mauritius,' 375.

²²⁴ Ibid., 397

²²⁵ Ibid

towards service provision responsibilities. According to Chanchal Sharma,

*There should be local access to the right information to enable the local community to develop meaningful public opinion and decide priorities. Mechanisms for making local priorities known must be put in place. Credible incentives need to be put in place for people to participate.... There should also be compelling incentives for politicians to be responsive and accountable.*²²⁶

The key issue of state-society synergy resonates the same in states whether they have unitary, decentralized or federal administrative systems. Where transparency and participation are the objectives, the state must consider the particularities of its assorted communities' when creating the administrative network and when devising incentives for agents to partake in a nation-building project.²²⁷ Delegation or devolution of authority will only lend favorably to this end in instances where agents can be trusted.²²⁸ When regional authorities 'accumulate wealth independent of the state,' they often have an interest in preserving more political autonomy and thus, will compete to maintain their sphere of influence.²²⁹ To judge the most efficient strategy

²²⁶ Chanchal Kumar Sharma. 'When Does Decentralization Deliver? The Dilemma of Design.' 94

²²⁷ Ibid

²²⁸ Matthew Lange. 'Structural Holes and Structural Synergies: A Comparative-Historical Analysis of State-Society Relations and Development in Colonial Sierra Leone and Mauritius,' 373-374

²²⁹ Catherine Boone. *Political Topographies of the African State: Territorial Authority and Institutional Choice*, 36

for devising an administrative network, it must be known what resources agents have an interest in maximizing. It is also necessary for policy makers to have a sense of the costs and benefits and the real and potential balance of power between agents. The democratic justification for decentralization is therefore only persuasive if local elites can be given incentives to be responsive to their constituents. At the same time constituents must also be given sufficient incentives to hold them accountable.

A key determinant for the transparent management of natural resources and their revenues is the effective managerial capacity of ministries and an administrative network that is user-friendly and allows for the necessary conduit of information. There must be substantial access points, so that the system cannot be easily undermined by those who seek to gain from rationed favors, illicit payments or bribes. Although the presence of structural holes in Sierra Leone was linked to the ongoing presence of chieftaincies inherited from the British colony, the question remains, how has Botswana succeeded in retaining its tribal chiefdoms without encountering the endemic problem of structural holes?

Decentralization, Local Governance and Accountability in Botswana

Botswana's public sector has been characterized as a 'near approximation of the Weberian ideal of bureaucracy... well rooted in the normative foundation of public administration in democratic polities.'²³⁰ Botswana has also been classified as comparatively more decentralized than other African countries.²³¹ What has evolved from this is a kind of "reinforced Weberianism," in which the non-bureaucratic elements of the bureaucracy have supported formal organizational structures.²³²

As a unitary state government, Botswana's local level government constitutes the second tier of the administration, which is further separated into four sub-divisions: Prior to 1966, Tribal Administrations ruled by Tribal Chiefs were entrusted with the power to 'allocate land, raise revenues and hold court...' They were also responsible for decisions over education and infrastructure maintenance.²³³ However, in 1965, the BDP began to work with the colonial administration to implement decentralization, and has since continued with this project, devolving powers to local authorities by way of

²³⁰ Charles Conteh. 'Rethinking Botswana's Economic Diversification Policy: Dysfunctional State-Market Partnership Commonwealth & Comparative Politics, 46:4 (November, 2008), 549.

²³¹ Kempe Hope. *From Crisis to Renewal: Development Policy and Management in Africa*, 276 T. Monoheng 'Demoralization of Development Administration in Lesotho'. *Africa Insight* 29:1-2 (1999), 5.

²³² Peter Evans, Dietrich Rueschemeyer, and Theda Skocpol, eds. *Bringing the State Back In*. (New York: Cambridge University Press, 1985), 573.

²³³ Ibid

Acts of Parliament. Still, without conceding any official recognition to the localities in the constitution, the central government has retained full competence in all areas of authority and therefore reserves the right to abolish any Act in parliament.²³⁴

With the aim of modernizing and democratizing the day-to-day administration of local governance, in 1967, a *Tribal Land Act* was introduced, which took away the exclusive authority of chiefs over a number of responsibilities. The powers of the chiefs were divided between the original Tribal Administration, District and Urban Councils (DUCs), District Development Committees (DDCs), and Land Boards. At the District level, DUCs which are formed from both 'elected and nominated members,'²³⁵ now undertake a number of responsibilities including the following:

(1) Overall District Development, including support of productive activity and social development; (2) Initiation and implementation of programs of local infrastructure and services; (3) Preparation of district development plans and budgets for district operations, including the contributions of the centralized departments of the central ministries and (4) Coordination and supervision of the non-decentralized arms of

²³⁴ Philip du Toit, *State Building and Democracy in Southern Africa: Botswana, Zimbabwe and South Africa*; Kempe Hope, *From Crisis to Renewal: Development Policy and Management in Africa*, 70

²³⁵ Richard White. 'Tribal Land Administration in Botswana'. Policy Brief, 31 (November, 2009), 1-2

*the central ministries at the district level.*²³⁶

Paramount Chiefs are ex-officio members of District Councils in their area.²³⁷ There is a House of Chiefs at the National level of government, which consists of these ex-officio members.²³⁸ The Chiefs and their staff are public servants whose salaries are paid from public funds.²³⁹ As tribal leaders they are also members of the District Development Committee (DDC), which coordinates district development plans and monitors the implementation of policies at this level.²⁴⁰ Through *kgotlas*, citizens' participation is encouraged and incorporated into the system at different stages of the policy formulation process for district development plans.²⁴¹

As the system of local government has evolved, many economic reforms and social services have been introduced to meet the needs of various communities. However, due to administrative inefficiencies that became apparent, in 1973, the central government established the Directorate of Local Government Services Management (DLGSM) through the *Unified Local Government Service Act* as a means of centralizing staffing and

²³⁶ Ibid

²³⁷ Abdi Ismail Samatar. *An African Miracle*, 41-43

²³⁸ Richard White. 'Tribal Land Administration in Botswana,' 1-2

²³⁹ Ibid

²⁴⁰ Kempe Hope. *From Crisis to Renewal: Development Policy and Management in Africa*, 72

²⁴¹ Ibid

human resource management within the Ministry of Local Government. The DLGSM is in charge of performance monitoring and appraisal, staffing responsibilities and for undertaking disciplinary action if necessary.²⁴²

Through decentralization, the BDP has succeeded in co-opting its tribal associations and in establishing a state that is able to deliver public goods on a non-tribal, non-regional basis. This has helped to ensure that the state is seen as a relatively neutral body and not one that disproportionately represents the interests of certain ethnic or regional groups, an attribute that has further contributed to its legitimacy.²⁴³

However, as the Botswana experience reinforces, there is a need to maintain a reasonable balance between centralization and decentralization in order to preserve a sense of harmony between national objectives and the interests of those at the local level. In Botswana a number of additional actions were undertaken early in the development project to prevent the potential for actors in position of authority to misappropriate of funds, and to curb perceptible opportunities or incentives for rent seeking.

²⁴² Inid

²⁴³ Ian Taylor. 'Botswana's "Developmental State" and the Politics of Legitimacy', 14

Relating to the country's natural resource endowments, from the beginning, the BDP government faced a number of issues regarding chieftaincies and regional power structures, particularly regarding land rights and the allocation and management of social and economic development funds. In 1972, the central government legislated mineral rights in tribal territory, giving private concessions in the form of a mineral rights tax, which could be reduced to zero by engaging in sufficient exploration. The policy gave the constituencies an incentive to engage in prospective mineral exploration and 'encouraged the surrender of inactive mineral concessions.'²⁴⁴

At independence, the authority to appoint, suspend and depose of Chiefs was vested with the President. Provisions of the *Chieftainship Act*, which outlined official status of Chiefs, made it the legal responsibility of every Chief to carry out the instructions given to him by any of the ministries concerned with local affairs, such as the ministry of Lands and Housing, the Ministry of Agriculture or the Minister of Local Government.²⁴⁵

A chief who fails to comply with any ministerial direction is subject to disciplinary action and risks losing his position.²⁴⁶

²⁴⁴ Clark J. Leith. *Why Botswana Prospered?*, 58-60

²⁴⁵ Ibid

²⁴⁶ Keshav C. Sharma. 'The Role of Traditional Structures in Local Governance For Local Development: The Case of Botswana' *Unpublished Manuscript*. University of Botswana, Gaborone, Prepared for

In Botswana, traditional leaders do not handle large sums of development funds. As custodians, their role is limited to handling funds raised by the community or by District Councils for community self-help projects.²⁴⁷ In Botswana tribal associations adhere to the principle of political neutrality.²⁴⁸ As leaders, Chiefs are not permitted to participate in national elections. Like other civil servants, they are expected to be non-aligned in party politics. They are also not permitted to contest elections. The activities taking place within *kgotlas* are likewise expected to be politically neutral,²⁴⁹ in that they are intended to provide an atmosphere that encourages consultation.²⁵⁰ Participants are given information on policies affecting their area and are given the opportunity to provide their Ministers with feedback, in the form of proposals and comments for review on government policies.²⁵¹ Party politics are relegated to assemblies called “Freedom Squares.” Unlike *kgotlas* where Chiefs are custodians, these forums are used by politicians serving at the national level to inform communities on

Community Empowerment and Social Inclusion Program. (Word Bank Institute Washington: World Bank).

²⁴⁷ Ebrahim Fakir. 'The Impact of Democracy in Botswana: Assessing Political, Social and Economic Developments Since the Dawn of Democracy.' Johannesburg: Centre for Policy Studies. (2009), 18.

²⁴⁸ Ibid

²⁴⁹ Pierre Landell-Mills. 'Governance, Cultural Change, and Empowerment.' *The Journal of Modern African Studies*. 30: 4 (1992), 552.

²⁵⁰ Batlang Comma Serema. 'Community Information Structures in Botswana: A Challenge for Librarians.' Paper presented at the 68th IFLA Council and General Conference, Glasgow (2002), 4-5.

²⁵¹ Ibid

their party platforms.²⁵²

Botswana demonstrates a case where tribal chiefdoms have been incorporated into the government administration in a way that has facilitated economic development by enabling user access to government resources and at the same time allowing the center to carry out its commitments through to the district level. The state's machinery has been made accessible through numerous access points in order to encourage activities that are of benefit to the long-term interests of the nation's economy. In this way, a "virtuous circle" of support has been created - a crucial component of any developmental regime's legitimacy.²⁵³ However, regardless of the administrative network, this relationship between state and society would not have been possible without the participation of citizens. The likelihood of carrying out a development mission in the absence of large-scale administrative corruption would have also been very improbable. To complete the circle of support, a reasonable amount of citizen's participation was necessary. Yet, with a predominantly rural and uneducated population, civil society was largely inactive in the formative years of Botswana's

²⁵² Tidimane Ntsabane. *Youth and Electoral Participation in Botswana*. In *40 Years of Democracy in Botswana: 1965 - 2005*, ed., Zibani Maundeni, (Gaborone, Botswana Mmegi Publishing House, 2005), 219.

²⁵³ Ian Taylor 'Botswana's "Developmental State" and the Politics of Legitimacy,' 7; T.J Pempel. 'The Developmental Regime in a Changing World Economy,' 16

nation-building project. The following chapter will therefore examine how over the decades, the state in Botswana has used its resources to promote democracy while at the same time enticing people's support and participation in a national developmental project.

Chapter 4 From the Commanding Heights to the Grassroots

Proponents of the developmental state school have argued that a developmental state was only possible under a highly centralized, authoritarian state and where traditional forms of civil society are destroyed to make way for a new capitalist driven civil society.²⁵⁴ In East Asia, the repressive nature of developmental regimes has at times been deemed necessary for the state to maintain its autonomy and even desirable in that without the need for consultation, authoritarian rule has enabled policy makers to react swiftly and effectively to changing circumstances and initiate appropriate policy response when necessary.²⁵⁵

Some analysts have similarly described Botswana as an 'intrusive authoritarian state', or as an 'effectively oligarchic system',²⁵⁶ recalling instances where the government

²⁵⁴ Meredith Woo-Cumings. 'The "New Authoritarianism" in East Asia', *Current History*, 93: 587 (1999), 3-16; Leftwich, Adrian, 1995, 'Bringing Politics Back In: Towards a Model of the Developmental State', *Journal of Development Studies*, 31:3 (1994), 400-27.

²⁵⁵ Denny Roy. 'Singapore, China, and the 'Soft Authoritarian' Challenge.' *Asian Survey*. 34:3; Kenneth Good. 'Towards Popular Participation in Botswana. *The Journal of Modern African Studies* 34:1 (1996), 53-77.

²⁵⁶ Charles Conteh. 'Institutional Legitimacy in State-Market Partnership: Singapore and Botswana,' 369-383

has resorted to legal-administrative measures to 'control the media, social dissent and weaken the political opposition.'²⁵⁷ However, on this subject Charles Conteh raises an important question of oversight;

*The problem with the existing debate about the nature of governance in...Botswana is that the emphasis on authoritarianism (or the lack thereof) undermines investigation into the very nature and source of these governments' legitimacy to engage various interests in society and implement their policies over the past three decades.*²⁵⁸

To a large extent, the literature on economic development advises that attempts to simultaneously pursue democracy and development can stifle efforts to promote growth and political stability.²⁵⁹ This is because democracy necessitates that the state consults and mediates between a wide range of interest groups. The state is therefore challenged to negotiate and bargain between major actors and the diverging needs of interest groups, which can often inhibit an administration from effectively

²⁵⁷ Denny Roy. 'Singapore, China, and the 'Soft Authoritarian' Challenge, 310-328. Kenneth Good. 'Towards Popular Participation in Botswana, 53-77

²⁵⁸ Conteh defines institutional legitimacy as 'the legal and moral authority that the state possesses to command (without coercion) the cooperation or, at least, consent or acquiescence of societal interests in successfully directing the course of economic development and implementing economic policies and programs.' See Charles Conteh. 'Institutional Legitimacy in State-Market Partnership: Singapore and Botswana,' 369-383

²⁵⁹ Claude Ake. *Democracy and Development in Africa*, (Washington, DC, The Brookings Institution, 1996).

implementing economic reforms.²⁶⁰ Yet, scholars of the developmental state school have long stressed the key point that state autonomy must be complemented by a concrete set of relationships. As Linda Weiss argues, what is of central importance is that in the task of policy formulation, the state takes on the mission of consulting and negotiating with its social partners to draw their support and cooperation.²⁶¹ It is in this way, that the state will acquire the imperative feature of institutional legitimacy, allowing the state to 'command trust and acquiescence' from its citizenry to the overarching development plans and successive policies- a crucial factor for the successful implementation of economic policy.²⁶² In a similar argument, Patrick Molutsi proposes that democracy must not be considered as a one-dimensional principle, but rather it entails on the one hand, the equality of citizens and their right to remove leaders and elect a government of choice. On the other hand, the instrumental dimension refers to the 'ability of a democratic system' to deliver on economic welfare as necessitated by the states 'often poor and needy population'.²⁶³ Considering these

²⁶⁰ Jagdish Bhagwati, *India in Transition*.(Oxford University Press, 1993): 36 cited in T. Carroll and B.W Carroll 'Strategies for Democratic Development,' 19

²⁶¹ Linda Weiss. *The Myth of the Powerless State*, 23

²⁶² Charles Conteh. 'Institutional Legitimacy in State-Market Partnership: Singapore and Botswana,' 369-383; Sheila Bunwaree, Barbara Wake Carroll, and Terrance Carroll, 'Popular Participation in Contentious Policy Areas: Education Policy in Mauritius. *Journal of Comparative Policy Analysis: Research and Practice* 7, (2005), 155-176.

²⁶³ Patrick Molutsi. 'Botswana's Democracy in Southern African Regional Perspective: Progress or Decline?' in *40 Years of Democracy in Botswana: 1965 – 2005* ed., Zibani Maundeni, (Gaborone, Botswana Mmegi Publishing House, 2005), 12.

two dynamics, Molutsi further argues that in order for a country to succeed, particularly a less developed country, 'both its intrinsic and instrumental values' need to be weighed.²⁶⁴

The objective of this chapter is to examine how the state of Botswana has used its resources to encourage the political participation from its citizenry, and to devise incentives that have encouraged people's involvement in a developmental project. In only a short period of time, a solid foundation for growth and development has been created in Botswana, and of no lesser importance, has contributed to the formation of a democratic state that is seen as legitimate in the eyes of the people.²⁶⁵ The underlying argument is that democracy is by no means antithetical to the essence of a developmental state, as the state must draw legitimacy and improve its capacity for policy implementation by 'creating conditions in which there can be a degree of balance between the state and the society.'²⁶⁶

²⁶⁴ Ibid

²⁶⁵ Charles Conteh. 'Institutional Legitimacy in State-Market Partnership: Singapore and Botswana,' 369-383

²⁶⁶ Terrance Carroll and Barbara Wake Carroll. 'Civic Networks, Legitimacy and the Policy Process,' 2

Incentives for Participation: Winning Acquiescence

As a democratic state with an activist agenda, Botswana's development program would be expected to reflect its 'citizens' preferences, ideas and interests,'²⁶⁷ and furthermore, as Terrence Carroll and Barbara Wake Carroll emphasize, it would also have to strive to 'ensure that all segments of society [would] benefit from development...in order for the development project to proceed and maintain public support'.²⁶⁸ The circumstances that surrounded the inauguration of a developmental state in Botswana were decisive in steering these objectives.

Botswana's first election was followed by a devastating drought, which destroyed one-third of the country's livestock. Massive crop failure and severe water shortages soon followed posing a severe challenge for rural households relying on agriculture to meet their basic needs.²⁶⁹ As a cattle-herding society, agriculture exports contributed nearly 40 percent to the GDP at independence, and with the interests of the ruling class heavily entrenched in agriculture operations, this affected large segments of the population irrespective of class or status. Hence, promoting this sector was of prime

²⁶⁷ Newman Lam. 'Government Intervention in the Economy: A Comparative Analysis of Singapore and Hong Kong.' *Public Administration and Development*. 20:5 (2005), 38-50.

²⁶⁸ Terrance Carroll and Barbara Wake Carroll. 'Strategies for Democratic Development,' 25-26

²⁶⁹ Zibani Maundeni. *40 Years of Democracy in Botswana: 1965 - 2005* (Gaborone, Botswana Mmegi Publishing House, 2005), 6.

importance.²⁷⁰ A number of the government's programs therefore, came in the form of incentives to upgrade farming techniques and continue agricultural operations even in the face of uncertainty. As Robert Curry suggests,

Incentives are all aspects of a farmer's environment, which affect her or his willingness to produce and sell.²⁷¹ The importance of such incentives is not a matter open to debate. Nor is the importance of material incentives and participation. The divergence is on which incentives are most effective and how to package them in specific contexts.²⁷²

With the objective of increasing productivity, reducing poverty and creating employment in rural areas, a number of programs were put in place. The Arable Lands Development Program (ALDEP) of 1979, was a plan through which the government provided subsidies of up to 85 per cent of the costs of inputs required for arable production; free seeds, free fencing of fields and draught power of either six donkeys or four oxen was also provided.²⁷³ Then, in 1985, the government introduced the

²⁷⁰ This also had the effect of avoiding the common 'Urban bias' experienced by many countries in Africa, which refers to the a common problem where investment into rural operations have been neglected in favor of the promoting the interests encapsulated in urban areas. See Ian Taylor 'Botswana's "Developmental State" and the Politics of Legitimacy,' 4. See also Robert Bates. *Toward a Political Economy of Development*, (Berkeley: University of California Press, 1988), 117.

²⁷¹ Robert. L. Curry Jr. 'Adaptation of Botswana's Development Strategy to Meet Its Peoples' Needs for Land, Jobs: The Southern African Capitalist Democracy Can Maintain Its Growth by a New Problem-Oriented Policy." *American Journal of Economics and Sociology*, 45:3 (1986), 306.

²⁷² Ibid

²⁷³ Ibid

Accelerated Rural Development Program (ARDP) through which a number of inputs were highly subsidized and assistance was provided to encourage farmers to destump their lands and to begin plowing in the early season.²⁷⁴ In drought declared years, farmers have been paid to continue plowing, to maintain the vitality of the land. Other programs such as labor-intensive employment, supplementary feeding, agricultural subsidies, and social and orphan assistance have been instituted as universal benefits.²⁷⁵

Beyond agriculture, the government has also aimed to encourage citizens to engage in start-up and smaller business ventures through the Financial Assistance Program (FAP), Small Micro and Medium Enterprise (SMME's) and through the Citizens Entrepreneurial Development Agency (CEDA).²⁷⁶ As a result of these programs, retail shops, building projects and hotels have sprung up across the country in both rural and urban areas.

²⁷⁴ Ibid

²⁷⁵ Arnon Bat-On 'Going Against World Trends,' 37

²⁷⁶ Charles Conteh. Rethinking Botswana's Economic Diversification Policy, 543

The Role of Tribal Associations in Democracy and Development

According to Richard Crook and James Manor, accountability is central to encouraging civic participation.²⁷⁷ Where civil society is weak or non-existent, the ability of administrators to ensure that resource and information sharing happen with sufficient disincentives to misappropriate funds is diminished, and therefore the opportunities for corruption and theft become numerous.²⁷⁸ It is for this reason that analysts such as David Bevan, Paul Collier and Jan Gunning have argued that for developing countries, expenditures will be used most optimally if they are invested in the form of immobile capital or redistributed to citizens in the form of investments into social capital.²⁷⁹ However, in the majority of developing countries, where resources and administrative capabilities are low, many communities lack important skills, such as numeracy and literacy, which affects the overall the capacity of citizens to become informed on political undertakings or for an administrative staff to engage society in desired projects and programs. In Botswana, where these capabilities were conceivably among the lowest, directing economic policy required an administrative machinery capable of

²⁷⁷ Robert Crook and James Manor. 'Democratic Decentralization and Institutional Performance: Four Asian and African Experiences'. *Journal of Commonwealth and Comparative Politics* 33:3 (1995), 309-334.

²⁷⁸ Paul Collier *et. al.* *Understanding Civil War: Evidence and Analysis* (Washington: World Bank Publications, 2005), 241.

²⁷⁹ David L. Bevan, Paul Collier, and Jan Willem Gunning, *The Political Economy of Poverty, Equity and Growth: Nigeria and Indonesia* (Clarendon: Oxford University Press, 1999), 58.

dealing with the 'strategic environment' and the general public.²⁸⁰

As part of the decentralization process DUCs as well as DDCs have played an important role in administering over the localities in the most cost effective manner.²⁸¹ To ensure that representatives would be accountable to the local population, councilors would be elected or appointed by the Minister of Lands to serve for a five-year term.²⁸² In the process of decentralized development planning, at the district level, the contribution of chiefs and *kgotlas* has also been deemed significant.²⁸³ Their participation is called upon in the deliberations of the DDC, which consists of representatives from all the district level organizations involved in the administration of development projects at the regional level.²⁸⁴ The District Commissioner, as chairperson of DDC, needs the cooperation of chiefs to coordinate district development plans.

The participation of Chiefs has also been instrumental in resource mobilization and in enhancing state revenues by informing and educating the community on issues related

²⁸⁰ John D. Montgomery and Ali Farazmand, *The Strategic Environment of Public Managers in Developing countries. Handbook of Comparative and Development Public Administration* (New York: Marcel Dekker, 1991), 350-372.

²⁸¹ Kempe Hope. *From Crisis to Renewal: Development Policy and Management in Africa*, 69

²⁸² *Ibid.*, 74

²⁸³ Ebrahim Fakir, 'The Impact of Democracy in Botswana: Assessing Political, Social and Economic Developments Since the Dawn of Democracy,'18

²⁸⁴ Richard White. 'Tribal Land Administration in Botswana,'1-2

to taxation, cost-recovery or cost-sharing options.²⁸⁵ As leaders associated with the process of formulating, implementing and monitoring initiatives undertaken within their communities,²⁸⁶ Chiefs have also been of service to the District Councils through their involvement in organizing self-help projects and social welfare activities. They also play a role connecting their communities with relevant NGO's. These are just some examples of how traditional associations can work in tandem with local residents, contributing to the realization of a developmental project.²⁸⁷ By connecting Batswana society to the commanding heights, community-based information session and policy forums taking place through *kgotlas* have also served as a partial means of putting development projects into effect through democratic avenues. As Landell-Mills explains, *kgotlas* have facilitated the administration of development programs in a number of ways:

(1) by facilitating the dissemination of information; (2) by strengthening the rule of law; (3) by expanding education, so that there are more people able both to understand what is happening and to articulate clearly the interests of the groups to

²⁸⁵ Ebrahim Fakir, 'The Impact of Democracy in Botswana: Assessing Political, Social and Economic Developments Since the Dawn of Democracy,' 13

²⁸⁶ Patrick Molutsi and John Holm. 'Developing Democracy When Civil Society is Weak: The Case of Botswana', *African Affairs*, 89:356 (1990), 324.

²⁸⁷ Ebrahim Fakir, 'The Impact of Democracy in Botswana: Assessing Political, Social and Economic Developments Since the Dawn of Democracy,' 9

*which they belong in a language understood by the state bureaucrats; and (4) by generating surplus resources in cash or kind to support associational activities without compromising their autonomy.*²⁸⁸

Within *kgotla* meetings, participants will explain government policies and members of the community are given room to express their views and criticisms on these policies with the objective of achieving consensus on public policy.²⁸⁹ These traditional community forums are used to facilitate the policy formulation and implementation process for both the District and National Development Plans. Gauntlets are run across the country prior to the implementation of major policy decisions that will have an effect on the grassroots.²⁹⁰ In this way, *kgotlas* have become one of the government's main pillars for community development and social integration. However, rather than addressing questions pertaining to the allocation of national resources, forums are typically geared towards addressing problems and questions that are deemed to be significant to people at the local level. Thus, the consensus-based decision-making process 'effectively avoids the conflict-prone and confrontational approach' that has

²⁸⁸ Pierre Landell-Mills. 'Governance, Cultural Change, and Empowerment.' *The Journal of Modern African Studies*. 30:4 (1992), 552.

²⁸⁹ Kempe Hope. *From Crisis to Renewal: Development Policy and Management in Africa* 71; Philip du Toit, *State Building and Democracy in Southern Africa: Botswana, Zimbabwe and South Africa*.

²⁹⁰ Batlang Comma Serema. 'Community Information Structures in Botswana: A Challenge for Librarians.' Paper presented at the 68th IFLA Council and General Conference, Glasgow (2002), 4-5.

characterized other societies.²⁹¹

Early in the nation-building project, Chiefs and District Commissioners have been commended for playing an important role in providing a voice for the common people on issues surrounding land, culture, social justice and equity at the district level, while in the absence of a strong civil society.²⁹² With members of the opposition party often occupying positions in DUCs, councilors have been among the 'most vocal critics of the central government.'²⁹³ These local authorities have therefore served as an important link between society and the central government. As Mogopodi Lekorwe observes,

*Though interest groups are weak, Botswana offers another option in which political elites employ existing political structures...to encourage political participation. Using this approach, Botswana has built a strong democracy while civil society is weak.*²⁹⁴

In Botswana, citizens have been able to derive satisfaction from the established political order because they have been able to attribute improvements in their living standards since the formative years of the independent state, with the efforts made by the

²⁹¹ Ebrahim Fakir, 'The Impact of Democracy in Botswana: Assessing Political, Social and Economic Developments Since the Dawn of Democracy,' 9

²⁹² Patrick Molutsi. 'Botswana's Democracy in a Southern African Regional Perspective: Progress or Decline?,' 10

²⁹³ Kempe Hope. *From Crisis to Renewal: Development Policy and Management in Africa*, 76

²⁹⁴ Mogopodi Lekorwe. 'The Limits of Local Democracy in Botswana,' 95-96

government to meet these ends.²⁹⁵

The government's success at promoting a more inclusionary socio-economic development program can perhaps be validated by the fact that the state has been able to extend its influence in pursuit economic reforms with minimal resistance. With the claim of having won the countries independence and perhaps more notoriously, for having led the country from abysmal poverty to a viable middle-income country, the party has acquired envious strength in electoral politics,²⁹⁶ never failing to capture an overwhelming majority in the popular vote and in the number of seats held in the National Assembly.²⁹⁷ Added to this, voter turnout in Botswana's national elections have characteristically been high, ranging from 58 percent in 1979 to 77 percent in 1984, with the highest recorded voter turnout of 79 percent in 2004.²⁹⁸ Observers have often questioned the degree to which Botswana can be classified as a democracy, with one party consistently occupying the majority of seats in the National Assembly. However, surveys conducted by *Afrobarometer* on 'popular attitudes toward democracy

²⁹⁵ Ebrahim Fakir, 'The Impact of Democracy in Botswana: Assessing Political, Social and Economic Developments Since the Dawn of Democracy,' 18

²⁹⁶ Ibid

²⁹⁷ James H. Polhemus 'Botswana Votes: Parties and Elections in an African Democracy.' *The Journal of Modern African Studies*, 21:3 (Sept., 1983), 414

²⁹⁸ African Elections Database. *Elections in Botswana*. <http://africanelections.tripod.com/bw.html>

in 2008' suggest that 91% of those people surveyed consider Botswana either as a 'democracy with minor problems' or as a 'full democracy'. Also, 83% of those people surveyed reported that they were 'Fairly satisfied/ Very satisfied' with 'the way democracy works in Botswana.'²⁹⁹ Other claims to draw upon can be found in the fact that throughout the decades of precipitous droughts, people do not die of hunger but instead, nutrition levels have improved in these times, thanks to provisions provided by the government's drought relief program.³⁰⁰

What is perhaps evident, is that the BDP's commitment to providing its citizen's with a minimal standard of living has reduced the propensity for political disenchantment and large-scale discontent - traits which have been known to offset political stability in a number of resource rich economies, diminishing the prospects for growth and development. In Botswana, it is argued that institutional legitimacy has been achieved by way of...

a sophisticated blend of manipulation, elite coalition and co-optation, and institutionalized patronage on the part of the government in order to maintain their

²⁹⁹ Afrobarometer. 'Popular Attitudes toward Democracy in Botswana: A Summary of Afrobarometer indicator, 1999-2008,' (Aug., 2009),12.

³⁰⁰ Arnon Bar-On. 'Going Against World Trends,' 37

pervasive authority to govern the market. By these means, [the government has] been able to redefine the state as a purely purposive entity, and ...as the legitimate conduit for achieving the "collective" ends of the social compact: ends that are themselves defined by the government. Moreover, through successful regime reproduction and adaptation over time...the BDP in Botswana has been able to perpetuate their legitimacy across various phases of political development.³⁰¹

Without a doubt, challenges arise in establishing sound systems of government and stable macroeconomic policies that are capable of addressing issues such as the Dutch Disease and unstable commodity prices, while at the same time enhancing wealth conservation and avoiding the pitfalls of rent-seeking and corruption. Botswana has sustained relatively high levels of growth and development over the decades. Despite criticisms that the government has used its leverage to coerce or manipulate the support of its population, what is clear is that the changes produced by the process of planned economic and social development have also created the conditions required for a strong civil society to flourish,³⁰² and for the nations wealth to translate into improvements in infrastructure and social capital. All together, the involvement of leaders and policy makers has played a significant role in preserving the degree of

³⁰¹ Charles Conteh, 'Rethinking Botswana's Economic Diversification Policy: Dysfunctional State-Market Partnership,' 540 – 554

³⁰² Terrance Carroll and Barbara Wake Carroll. 'The Rapid Emergence of Civil Society in Botswana.' 336

political stability necessary to place the country in good stead for future social and economic development.³⁰³ In light of these factors it has been argued that in Botswana, a “virtuous circle” of support has been created as a product of using the ‘state machinery to reward supporters which has at the same time, generated further support, predicated on policies that have broadly benefited the long-term interests of the nation’s economy.’³⁰⁴ As such, improvements in living standards, in time, have also been accompanied by the emergence of a vibrant civil society.³⁰⁵

As this chapter has argued, the reinvestment of state resources in the form of social services and incentives for participation in addition to the institutional mechanisms required to provide the general public a voice in the policy making process, have all been important policy initiatives that have conferred a number of groups a sound economic and democratic connection with the state. Complemented by an

³⁰³ Nelson Kasfir. ‘Introduction - The Conventional Notion of Civil Society: A Critique’, *Commonwealth and Comparative Politics*, 36:2 (July, 1998), 16; ‘Celestin Monga, ‘Is African Civil Society Civilized?’, in *Regionalisation in Africa: Integration and Disintegration*, ed., Daniel C. Bach (Oxford: James Curry, 1999), 76–77; Leticia Lawson, ‘External Democracy Promotion in Africa: Another False Start?’, *Commonwealth and Comparative Politics* 37:1 (1999), 11–12. Terrance Carroll and Barbara Wake Carroll. ‘The Rapid Emergence of Civil Society in Botswana,’ 338.

³⁰⁴ Ian Taylor ‘Botswana’s “Developmental State” and the Politics of Legitimacy, 16

³⁰⁵ Carroll and Carroll define civil society as ‘The self-organization of society through the creation of autonomous, voluntary, nongovernmental organizations such as economic enterprises, religious and cultural organizations, occupational and professional associations, independent news media and political organizations’ Terrance Carroll and Barbara Wake Carroll. ‘The Rapid Emergence of Civil Society in Botswana,’ 1

administrative system that provides numerous access points for citizens to voice their ideas and concerns, these institutional mechanisms have enabled the postcolonial state to become embedded in Botswana society. This can be further seen as contributing to a politically stable state-society relationship, with diminished scope for corruption- one that is generally conducive to the continuation of a development project into the future.

Conclusion

In response to the numerous instances of government failure that have come to pass in the developing world, many analysts have concluded that corruption and inefficiencies were inherent in all forms of government intervention. From this, the mainstream line of thinking on development policy shifted toward a neoliberal interpretation, which in time would come to deny the need for governments to be involved in market promoting activities. Now, in the era of globalization, the transnationalization of industry and finance has compelled governments around the world to lower taxes in their plight to attract foreign investment. In a related attempt to avoid capital flight, priorities have been redirected to loyalties that extend beyond the state's national boundaries. As a consequence, there is less interest in advancing objectives that were previously deemed of national importance.

As a testament to the notion that poor performance is not an inherent characteristic of mineral-driven economies, Botswana has demonstrated strong growth over the past

three decades, which has been largely derived from mineral exports, and above all diamonds. Its national wealth has been deployed towards the goal of 'improving living standards and reducing poverty based on the prudent and strategic reinvestment of mineral revenues.'³⁰⁶ To meet this objective, a matter of devising policies that were both pro-market and pro-poor required that the state expand its network of influence well beyond the political center.

With the limited success of these neoliberal reforms at promoting growth or realizing improvements in human welfare, it has become apparent that efficient markets do not emerge freely and collective interests are still relevant. In the absence of due consideration for these interests, local concerns have become pitted against those of the national and international, resulting in conflict, instability, declining social conditions and large numbers of disenfranchised citizens -conditions that in no way lend favorably to the emergence of proficient markets. However, lessons from Botswana and the experiences of other developmental states have generated considerable support for the argument that diminishing the scope for corruption and promoting good governance does not necessarily entail a roll back of the public sector. For development

³⁰⁶ Glen-Marie. Lange 'Wealth, Natural Capital, and Sustainable Development: Contrasting Examples from Botswana and Namibia,' 273

ambitions to be realized, governments and donors must become committed to establishing the appropriate institutional frame work, supported by the appropriate policies and incentives to promote the desired outcomes in social relations, the level of democratic participation and not least, the mode of production.

Botswana's approach to economic intervention was perhaps predicated by the fact that the country was almost absent of the capacity for market activity at independence. This coupled with the fact that it was revealed to the Party shortly after independence, 'that political threats to the government would come from disenchantment in the rural areas . . . rather than from urban [centers]...', which indicated that the government's involvement in rural development was required '...to ensure at least some degree of political quiescence.'³⁰⁷ With the will to preserve an independent state and see the country through to better days, the choice was perhaps not so complex. The Leadership had to promote what they did have and hence, the Botswana Meat Commission was formed and the elites worked to promote beef exports and secure good returns for producers. Since this time, the government has established a number of institutions to

³⁰⁷ Louis Picard and Edmond Keller. *South Africa in Southern Africa: Domestic Change and International Conflict*, 237-38

facilitate the state's role as an entrepreneur in manufacturing, industry and not least, into mineral exploitation. However, for a post-colonial state inheriting a mixture of modern and customary institutions, a question of institutional reconciliation was raised. In Botswana, this required that alliances be formed between the existing forms of authority and the central government. This task succeeded through the promotion of activities that at once encapsulated the interests of regional power holders and the nation as a whole. The incorporation of traditional authorities in turn, facilitated the transition from colonial protectorate to a modern state.

Realizing the political, economic and administrative significance of decentralization and that people in rural areas continued to have faith in the traditional tribal associations, the BDP government has retained many aspects of these institutions. In an effort to encourage people's participation in development planning at the grassroots, the government has developed the necessary machinery to carry out its commitments through to the district level. Tribal associations continue to play a crucial role in linking the government administration to Botswana society. However, it is perhaps by maintaining a large degree of oversight over tribal chiefdoms, and establishing authority over all areas involving land, mineral rights and economic development

planning, that the BDP has been successful in promoting its development ambitions. It has simultaneously been able to curtail opportunities for corruption and regional asymmetries, while preserving the aspects of regional governing structures that would allow the central government to establish and maintain its supremacy.

Between the government and the private sector, the relationship established has been characterized as 'one where the government internalizes the processes of economic diversification and seeks to actually manage labor and capital as "useful elements" in its grand vision of market governance.'³⁰⁸ Citizens' participation on a broader scale, has in turn reinforced the state's capacity to respond to the many barriers blocking the path to development and ensured that governance is administered with a good deal of transparency. This has given the state the support and legitimacy required to further carry out a developmental agenda.

This study has aimed to provide a synopsis of what type of state interventions in economic and social development has worked in Botswana and why. However, each and every state is disposed with a number of resources, which must be used in

³⁰⁸ Charles Conteh. 'Institutional Legitimacy in State-Market Partnerships: Singapore and Botswana,' 369-383

accordance with the given socioeconomic conditions. The theory of the developmental state may be limited in that it does not provide much in terms of answers for overcoming or repairing socio-political conditions that are already fragmented or hostile. Where these conditions prevail, the developmental state model may be unable to address such issues and therefore, alternative solutions must be sought. Thus, the research does not seek to prescribe a 'one-size fits all' formula for socio-economic development, but rather to illuminate possible strategies, policy options and institutional responses that may provide inspiration for overcoming the many challenges to socio-economic development that many countries face today.

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