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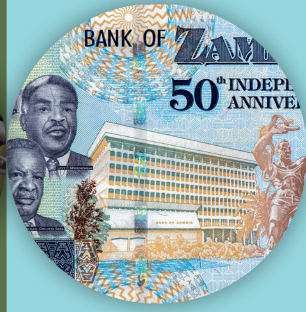
POCKETS OF EFFECTIVENESS

AND THE

POLITICS OF STATE-BUILDING & DEVELOPMENT IN AFRICA



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Pockets of Effectiveness

Afterwords and New Beginnings

Julia C. Strauss

This volume is a welcome intervention into the ever-growing literature on what are now called 'pockets of effectiveness', or PoEs. Rather than simply extrapolating the conditions for the rise and fall of PoEs as best guesses from a particular case study or set of case studies, it combines the analytical concept of 'political settlements' with granular detail from case studies to discern broader patterns in the emergence and decline of PoEs. First, the PoEs are identified as those most cited by practitioners themselves in five sub-Saharan African countries: Kenya, Rwanda, Zambia, Uganda, and Ghana. These high-prestige, high-performing PoEs are unsurprisingly almost uniformly located in the economic technocracy, including ministries of finance, central banks, and semi-autonomous revenue agencies (SARAs). Chapters specific to each country then apply the notion of political settlements as 'concentrated' in which a dominant power constellation of political elites provides the potential conditions for either longer-term horizons, or 'dispersed' horizons, which increasepolitical pressures to dispense short-term patronage. Concentrated political settlements are especially likely to adopt the longer-term horizons necessary for PoEs when they perceive themselves to be existentially vulnerable, but may permit the emergence of PoEs as part of patronage based regime survival. These two axes: concentrated vs. dispersed political settlements and systematic vulnerability vs. the use of PoEs for patronage, provide much greater analytical rigour to questions of PoE variation both between cases and within cases over time. While it is often been remarked that PoEs are heavily concentrated in the econ-technocracy managing finance and tax, there is little that systematically engages the all important questions of how and why *particular* organizations within the same broad field emerge as PoEs in some countries and not others. There is even less on variation in what we might call 'degrees of PoE-ness' between different organizations within the same country (with the same broad political settlement). And although it has long been understood that PoEs are prone to erosion over time because they attract attacks and jealousy from elsewhere in the political system, until now no one has specified the *general* range of

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conditions under which one can expect the maintenance, decline, or, more rarely, the revival of PoEs after a period of decline.

The notion of 'political settlements'—and what it does to explain variation in country, case, and change over time—is the volume's core and offers a clear and convincing picture, not just as a series of static snapshots, but more of an unfolding reel. Thus the propositions suggested in Chapter 2: that PoEs emerge where power is concentrated rather than dispersed, where there is system vulnerability, where elites dominate but PoEs are part of patronage-based survival, and there is alignment between paradigmatic ideas and the centrality of policy domain are borne out in the both the broad-brush and micro details laid out in the meat of the substantive chapters. Cases at opposite ends of the spectrum: Kenya and Rwanda, prove these points. Kenya's increasingly dispersed political settlement and fractious electoral politics map almost perfectly onto the performance of its PoEs: organizations that had stable and embedded leaderships continued to enjoy positive performance despite a gradual dispersion of the wider political settlement, until the wider political settlement became so fractious that all previous PoEs were substantially weakened. Ghana follows a similar pattern to Kenya, with clear evidence that the dispersal of power both between competing elite factions and within ruling coalitions, tends to undermine the performance of PoEs, albeit within the context of higher levels of state performance overall. In stark contrast to this pattern, Rwanda's highly concentrated (and minority) political settlement, amplified by the regime's systemic vulnerability, has led to the usual suspects in the Ministry of Finance and Economic Planning, the Rwanda Revenue Authority, and the National Bank of Rwanda not only emerging as high performers, but as 'higher performers within a generally functional state' (Chapter 6). This forms part of the constellation of minority capture of the state after the extraordinary event of genocide that committed the political leadership to a programme of strong state-building with long-term horizons. Quite incredibly, the cohesiveness of the authoritarian political settlement in Rwanda has even permitted a willingness to learn from rather than punish mistakes within PoEs. The examples of Zambia and Uganda fall between these extremes, with Zambia leaning more towards a Kenya/Ghana-style increasingly dispersed political settlement—and demonstrating just how difficult it is to get even economic technocracy 'right'—while Uganda illustrates how even under strongmen like Museveni political settlements may become more dispersed with damaging consequences for PoEs.

For these reasons, this volume comes in with an important intervention in terms of both its analytical framework and the solidity of its data. It provides a strong evidentiary base for and explanation of systematic variation both between cases and over time. What emerges is a complex, shifting kaleidoscope of interactions between technical domain, organizational leadership, and the wider political settlement. Indeed, the nearly constant flux demonstrated in all of these cases suggests that relative degrees of 'PoE-ness' are hard won, changeable, and highly contingent on factors beyond the control of the PoE itself. Either in sub-Saharan Africa or beyond it, creating a PoE is hard work. Most are doomed to failure. Maintaining one over time is harder work. And reversing the decline of a PoE might be most difficult and fraught of all. But it is perhaps here that we should pause and think through what it means—both within the framing of a political settlement but beyond a given political settlement—to create, maintain, and with luck even revive a PoE in decline. This is a question of real importance for both sub-Saharan Africa and states in other regions of the developing world.

Some three decades ago, when PoE had not yet been invented as a concept, and the idea of SARAs was just beginning to get purchase, I rewrote my dissertation on a time and place as far geographically and temporally removed from contemporary sub-Saharan Africa as one could imagine: China in the late 1920s and 1930s. As is often the way with dissertation research, I went to the field fully expecting to write on one subject (China's civil service and examination systems), and came out with the material to write quite another (on how closely linked the effectiveness and efficiency of *particular* state organizations were to their own civil service and examination systems; notably in the salt tax and general tax divisions of the Ministry of Finance, but also the Ministry of Foreign Affairs). Indeed, in the weak but reintegrating Republican Chinese state of the 1930s, there was almost perfect alignment between those parts of the state that we would now consider to be PoEs and systems of recruitment and promotion that were separate from the rest of the Republican Chinese state: Customs, Salt Tax, the highest performing sections of the Ministry of Finance, the national post office, and the Ministry of Foreign Affairs. Based on this data (minus case studies for Customs and the post office), I argued that for these unusual successes, there were two strategies that were simultaneously deployed: 1) rigorous policies of *insulation* that quite literally screened off the institution from a wider environment of nepotism and patronage in combination with 2) equally rigorous policies of *goal achievement* that demonstrated the ongoing importance of the organization to its wider political masters—as without conscientious diplomats and an ever increasing stream of revenue pouring into the central government's coffers, the regime's own internal and external security, which was always precarious, might well fall (Strauss 1998, especially pp. 66–79). This combination of strategies of internal insulation, to get that all-important breathing space and autonomy from nepotism and patronage, and clearly demonstrable goal achievement, in providing services that were absolutely core to the functioning of the state, were unusual in China at the time. Indeed, the only sectors of the state that were even more crucial were those that had to do with the military and internal security (the two were deeply intertwined at the time), and were of course far too sensitive to get solid documentation on—either in the late 1980s when I was engaged in the original research collection, or at any time since then.

Indeed, so 'captured' was I by my sources (and their vociferous insistence on rigorous civil-service insulation from a wider, patronage-riven political and economic environment) that first as a graduate student and then as junior faculty writing up a first monograph, I simply did not appreciate what is, in effect, the founding principle of this volume: that organizations are *never* divorced from their surrounding environments, and that surrounding environments are far from uniform. Political settlements suggest a great deal for the matrices within which PoEs emerge (or do not emerge), but their constellations fluctuate, and fluctuate in ways that are either unpredictable or beyond the control of the would-be PoE. Thus, in the wildly different time and place of Republican China, my own charting of the rise and eventual decline of the Sino-foreign Salt Inspectorate, an anomalous organization whose life span between 1913 and 1949 was, with various name changes, more or less the lifespan of the Republic of China on the mainland of China itself, I noted the following elements without ever developing them into a coherent analytical framework that took account of this all-important wider political environment.

In retrospect, the Sino-foreign Salt Inspectorate was *tolerated* but not loved by a Nationalist government that was persuaded to reconstitute it after abolishing it in 1927–1928, on the grounds that only the salt tax would be a steady supply of tax funds that the weak central government so desperately needed (Strauss 1998: 84–90). Simultaneously, it was *hated*, and subjected to repeated attacks by nationalists outside the top ranks of the government (Strauss 1998: 91–6), who frequently criticized it on the grounds of its foreign presence as an affront to national sovereignty and pride. For a brief period in the mid-1930s, the Salt Inspectorate was admired and *emulated* by technocrats elsewhere in the government, notably when it provided a model for newly formed divisions within the Ministry of Finance (Strauss 1998: 131–3). And finally the Salt Inspectorate was ultimately *undone* by forces beyond its or anyone's control, namely the mass deinstitutionalization and fourfold expansion that was set in train by the outbreak of the Sino-Japanese War (Strauss 1998: 97–104). Despite the chaos of the Republican period, which included its offices being repeatedly robbed at gunpoint by marauding warlord soldiers, being abolished and re-instated by the Nationalist government in 1927-1928, and the loss of many of its most productive salt works over the course of the Sino-Japanese War, its political safety lay in its insistence that it was merely 'technocratic'—an impersonal bureaucratic organization that would serve its political masters uncomplainingly and well. (This mattered, because the weak central governments of the time always needed more funds.). It surely helped that its trumpeting of its impersonal and 'fair' civil-service system resonated positively within the cultural predisposition of Chinese elites towards examinations as a mechanism that delivered well deserved meritocracy. But cultural predisposition only gets one so far: weaker organizations that did not provide core services to the central state in Republican China were allowed no such insulation or indulgence.

The Salt Inspectorate (and Customs, and the post office) was allowed to do its work relatively unmolested by political incursions in day-to-day workings because 1) it accepted the political leadership of the Nationalist government, which meant accepting its political appointees at the top, and 2) because it delivered the goods. Despite griping over the political appointees who were imposed from above, what ultimately weakened it was not political interference per se, but being overwhelmed by exactly the same forces that weakened and did in the government as a whole: uncontrolled inflation in combination with uncontrolled recruitment—both of which were of a piece with a weak government's capacity to respond to foreign invasion and civil war. The case of China suggests that even cohesive political settlements can and do change, sometimes dramatically, in response to either internal or external shocks that overwhelm its pre-sets and its capacities. Just because a coalition appears to be stable does not mean that it will remain so.

PoEs as a realm of the techno-pols: Being 'seen', policy domain, and questions of capacity

The great inescapable in this volume is that the PoEs that provide all its wonderfully rich data and case-study work are, without exception, to be found in the economic-technocratic wings of the state, particularly in finance, tax, and central banks. This leads to a serious question: do the technopols truly rule the realm of PoE-world or is this simply a matter of perception? Certainly, in sub-Saharan Africa as elsewhere, PoEs *appear* to be heavily concentrated in the realm of finance and econ-technocracy. But is it really the case that the PoEs that seem to work well enough to emerge and have enough prestige that they are consistently identified as such are inevitably to be found in what the authors call the 'logistical' elements of the state? What, exactly *are* the 'logistical' parts of the state? There are, I think, several analytically separable elements with a direct bearing on this question: 1) how state bureaucracies are defined in terms of their effectiveness and efficiency (which translate into 'excellence'), 2) relative degrees of policy agreement in terms of a) what should be done and b) how it should be implemented, 3) how open or closed the organization is to the rest of society in its policy domain and 4) the degree to which organizational goals are, in at least rough terms, aligned with organizational capacity. When these elements all come together, they are not only a product or a consequence of political settlements, important as political settlements and the wider political context might be. Rather these factors in turn affect the way in which aspiring PoEs are 'seen' by the wider state of which they are a part. (Scott, 1998) Ultimately these are the conditions with which leaders of PoE work when they need to generate support for the establishment of a PoE, to head off the withdrawal of that support, or be part of the renegotiation of the political settlement in ways that will permit the revival of a PoE.

If we consider what state bureaucracies are and do, their first imperative is to demonstrate both loyalty *and* competence as they deliver on the core needs of the state. When considered in any kind of longer historical frame of state making, it is clear that apart from the obvious core importance of the military and internal security, these 'core needs' have *always* revolved around tax extraction, banking and credit (to raise loans), and managing relations with foreign powers. It was only much later—in the late nineteenth and twentieth century—that the state began to take on provision of infrastructure (first railroads, then roads, sanitation, lighting, and electricity), before moving into more contemporary and 'softer' concerns of public health, social welfare, and the environment. Amounts of revenue collected against administrative costs expended, kilometres of roads tarmacked, metres of pipes laid for clean water or electrical lines put up—these were activities that were all easily measurable, inherently divisible and readily managed by technological expertise. And indeed in the early twentieth century, this was the genius of the Weberian formulation of legal-rational bureaucracy: a formula of strict hierarchy, depersonalization, and rule orientation seemed to best attract and retain both loyalty and competence in a world in which state functions *were* in fact largely reducible to activities that could be de-personalized around uniform rules, standards, and measures. This Weberian model was, in theory, exported to different degrees and with different variations in effectiveness around the world through colonial bureaucracies. One variant of this model was what would now be called SARAs: agencies initially staffed at the top by Westerners with 'expertise' and large numbers of local staff that were imposed on the Qing and the Ottoman empires for the collection of customs and salt taxes from the mid nineteenth through the early twentieth century to, in effect, guarantee the loans made to these empires (often to finance domestic military modernization initiatives). Nor should the impact of these early hybrid institutions—imposed as they were by Western creditors in noxious semi-colonial conditions of dominance—be discounted. They often provided the core personnel, training, and models for central finance and tax until at least the middle of the twentieth century for these countries. While different in form, patterns of foreign influence in the earliest 'modern' banks were often similar. Iran's entire modern banking system had been given over to Rothschild concession in the late nineteenth century, the Imperial Ottoman Bank of the late nineteenth century was a Franco-British partnership, and was still a going concern into the 1970s, the place where one still cashed one's American Express traveller's cheques in Istanbul.

Thus tax and the econ-technocracy are unusual in several respects. First they are readily 'seen as core to its survival'. Their policy domains have historically been and continue to be unusually amenable to Weberian criteria of hierarchy, depersonalization, and expertise. Their daily workings are readily broken down into statistics and charts that can be easily 'read' by the higher levels of the state. Because they deal in cold hard numbers, it is relatively straightforward to determine both high performance and its converse, incompetence or outright malfeasance. Finally, tax and econ-technocracies, while enormously important politically and for the state as a whole generally possess much more straightforward decision-making with short time lags between cause and effect (monthly, quarterly, annually) than is the case in many policy domains with longer lags between policy implementation and effect, such as education. As long as there are enough statisticians on hand to do the counting and fill in the reports, these short lags between cause and effect correct things going awry, and, in combination with agreed upon goals and largely agreed upon means, tend to dampen down politically raised temperatures in terms of internal workings. The goals are almost always agreed, and there is typically substantial agreement in terms of how to achieve those goals. In short, the policy domain of econ-techs lends itself much more to classic Weberian markers of well-functioning state institutions (hierarchy, depersonalization, remoteness from populations, and technocratic expertise) than do most of the other policy domains with which the state might concern itself. This does not by any means suggest that all, or most, econ-tech organizations of this sort are going to become PoEs; only that the criteria by which 'PoE-ness' is determined are most likely to be found in the kinds of organizations that most clearly have conformed to the ideal type of Weberian legal-rational bureaucracy in the first place.

Seen in this light, the technopol domain is characterized by features that are relatively unusual among the multitude of policy arenas for state action: measurable and divisible tasks, relative agreement about goals and strategies to achieve them, and short time lags between performance and outcomes. But there may well be an even wider category that the econ-tech domain fits within: namely being part of a relatively closed system. If open systems are characterized by multiple points of access and exchange with the surrounding environment, closed systems have relatively fewer points of access and feedback. The bureaucratic organizations of the state are *predicated* on being fairly closed: indeed, a certain amount of 'closedness' is necessary to maintain organizational discipline and coherence. It therefore stands to reason that the more closed the policy domain (for example, deciding on fiscal policy or the budget), or the more rule-bound the interaction with society (as, for example, tax assessment), the easier it will be to resist demands from clients and different elements in society to behave in particularlistic ways. Insofar as an organization either decides on policies but does not interact with society directly, or keeps its distance from society by administering policies handed down from the hierarchy by uniform rules, it is relatively closed. This provides organizational coherence. It is also in principle impervious to feedback from the societies in which it operates—except when matters come to a point of affecting the political settlement itself.

Finally, successful PoEs are all characterized by something that is itself a product of the interaction between the wider political settlement, the PoE leadership, and the resources at the disposal of that leadership: relative alignment between the organization's capacity and its goals. Establishing clear goals that are reasonably *achievable* is the first step in setting in train a virtuous cycle of goal achievement, internal morale, and external prestige. This is not easy even within an econ-tech policy environment. The developing world is littered with examples of would-be PoEs in tax regimes, central banks, and economic development units that fail—not because of lack of talent or will, but because the organization's stated goals were far beyond its capacity to achieve. One historical example, again from Republican China, is a familiar one (Strauss 1998: 126–38). The Sino-foreign Salt Inspectorate was deemed to be so successful that its personnel systems of separate civil-service salaries and progression, as well as its techniques of assessing tax, were deemed to be a model for the Ministry of Finance, which established a new division of Consolidated Tax in the mid-1930s. The Consolidated Tax Administration assessed business taxes on factories, and in particular on cigarettes and alcohol, before expanding to cotton yarn, matches, and other consumer products, like firecrackers. And here the story was a decidedly mixed one. Consolidated Tax was staffed by young, motivated techocrats, who did an excellent job when the tax was within their reasonable capacity. Therefore the Consolidated Tax Administration did an impressive job at raising taxes from the 'modern' industrial sector in and around Shanghai, which was served by good transport links and where the taxable physical plants were large and immobile. The taxes collected on cigarettes, alcohol, matches, and cotton yarn produced by factories in this region went up sharply. Consolidated Tax even did reasonably well when its inspectors went to other urban areas to assess taxes on the factories that its inspectors could locate. But the Consolidated Tax Administration did infinitely less well in taxing the numerous small-scale operations that permeated the market towns of China, particularly locally rolled cigarettes and the alcohol produced by small distillers. These were numerous, dispersed, and small scale. Here the tax 'take' relative to amount of effort expended was unfavourable (cigarettes, for example, were often rolled by hand in people's homes and were then sold in local markets far from the eyes of tax inspectors). The Ministry of Finance understood very well that *if* it could capture even a reasonable proportion of the locally made cigarettes and alcohol distilled that it could put the government on a much stronger financial footing. But to do so in any kind of systemic way required organizational capacity that was far beyond its resource base in trained personnel. The Ministry of Finance's decision to form another division for Direct Tax based on the Salt Inspectorate model was a dramatic failure from the outset. Its personnel were, like those in the Division of Consolidated Tax, young, well trained, and keen. But the technical capacity and resource base to impose a direct income tax was far beyond the ability of even the most committed and elite new division. Lacking payroll reporting or measures to enforce the creation of a national income-tax system, the only sector that could be taxed were civil servants themselves. Unsurprisingly, this caused huge resentment among the people the state most needed, and the policy was quietly shelved amid the rising inflation of the early 1940s. The limits to the success of Consolidated Tax—in its failure to truly tap what is now called the informal economy—are replicated by today's states in sub-Saharan Africa in their efforts to systematically reach—indeed enclose—the open informal economy in one that is regularized, monitored, and 'seen' by the bureaucratic state.

Into the future: PoEs beyond the economic technocracy

Given all this, are the features described in this volume and suggested above preconditions for what we might call 'PoE-ness'? Is it only the elements that we see in the policy domains of econ-techs that have even a fighting chance of becoming a PoE? After all, relatively closed systems, amenability to Weberian ideal-type criteria of hierarchy, rule boundedness, and bureaucratic expertise, short elapsed time between policy implementation and evidence of effectiveness, agreed upon goals and means of achieving those goals, divisibility into standard categories of measurement and analysis, and relative alignment between goals and organizational capacity are relatively rare. Apart from the important, but still restricted realm of econ-techs, there are almost *no* state organizations that enjoy all of these favourable characteristics. Is, as a matter of definition, PoE-ness to forever be equated with those finance, tax, and central banking and regulatory institutions that manage to negotiate their political settlements well? Is PoE-ness in necessary opposition to the responsive, democratic, and service-provision sectors of the state in developing countries?

Here there are no conclusive answers, but a developing world in which the crucial sectors of public health, education, social services, anti-poverty, basic incomes, infrastructure, agricultural extension, and the environment (just to cite several) are forever consigned to be non-PoEs is a deeply impoverished one indeed. Many—if not most—of the activities of states in the developing world are to be found in exactly the policy areas that are deeply engaged with society, that attempt to alter human behaviour (from planting crops differently, to recycling, to reducing water use), or that despite their technical basis fundamentally transform natural and human environments (e.g. road building, opening mines, conducting anti-malaria campaigns) for everyday people whose lives are thus altered. And here it seems that *if* the skills that make for successful econ-tech leadership—the ability to become credible and 'visible' within the political settlement to maintain insulation—can be replicated down to the bottom of the organizational hierarchy, to the interface of state agents with human and natural environments, there is reason to believe that they might, in aggregate become micro-PoEs. The ability of the grassroots agricultural extension workers, park rangers, public-health workers, teachers and principals in state schools, and foremen building roads to not only apply impersonal rules but to make those rules approachable, comprehensible, understandable, and responsive through discussion and negotiation—in short what is often called *embeddedness*—is as determinative of success as the factors that enable distance, counting, and negotiation with important actors in the political settlement is for the econ-tech leadership. How such combinations of approachability, comprehensibility, and responsiveness might be replicated in different policy areas at scale is, of course, an important question that is unlikely to be resolved by one technique or method. But in the same way that econ-tech leaders have to spend much of their time balancing between managing internal operations and the external political settlement, grassroots civil servants, agricultural extension workers, elementary school teachers, health-care workers, and foremen managing road building have to spend much of their time balancing between the policies they are expected to implement, and individuals or groups in society with minds of and interests of their own. In both cases embeddedness and positive reputation is both a cause and consequence of being persuasive. For the econ-techs, the embeddedness is in the political settlement at the top; for the grassroots representatives of the state, the embeddedness is with relevant client groups or local social eco-system. How these two differing vantage points of embeddedness intersect, disconnect, or work at cross purposes is not only a question for future work on PoEs, but for conceptualization of the state in the developing world writ large.

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