Africa's Overgrown State Reconsidered: Bureaucracy and Economic Growth

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Abstract

Overgrown government bureaucracies are widely seen as one reason behind the undergrown economies in sub-Saharan Africa (SSA). Seldom is the exact relationship between bureaucracy and growth examined more closely, probably because a negative correlation seems self-evident. But how strong is the correlation? To what extent can we link outsized African bureaucracies to languishing African economies?

This paper takes a look at the evidence from a comparative perspective, and finds it wanting. Instead, the data show three unexpected things about bureaucracy and growth in Africa. First, regarding their size, African public bureaucracies are not as large as often imagined. To the contrary, relative to other states, African states deploy a small stock of personnel to manage their territories and populations.[1] Second, as to the trend in public employment, the number of bureaucrats has been falling rather than rising in much of SSA since about 1980. Africa's small state bureaucracies for the most part have been getting smaller. Third, with respect to larger bureaucracies being associated with lagging national incomes, the inverse comes closer to the truth. At least two countries with *higher* levels of public employment have had *superior* economic records.

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Introduction

Overgrown government bureaucracies are widely seen as one reason behind the undergrown economies in sub-Saharan Africa (SSA). Seldom is the exact relationship between bureaucracy and growth examined more closely, probably because a negative correlation seems self-evident. But how strong is the correlation? To what extent can we link outsized African bureaucracies to languishing African economies?

This chapter takes a look at the evidence from a comparative perspective, and finds it wanting. Instead, the data show three unexpected things about bureaucracy and growth in Africa. First, regarding their size, African public bureaucracies are not as large as often imagined. To the contrary, relative to other states, African states deploy a small stock of personnel to manage their territories and populations.[1] Second, as to the trend in public employment, the number of bureaucrats has been falling rather than rising in much of SSA since about 1980. Africa's small state bureaucracies for the most part have been getting smaller. Third, with respect to larger bureaucracies being associated with lagging national incomes, the inverse comes closer to the truth. At least two countries with *higher* levels of public employment have had *superior* economic records.

This last point does not mean that big bureaucracies directly produce development and rising national incomes. The relationship between the scale of a country's bureaucracy and the pace of its development is doubtlessly not a mechanistic cause and effect. More than likely, honest and socially responsive bureaucracies contribute to favorable climates for commercial activity, which, in turn, provide resources to augment the size of the civil service. The keys are honesty and responsiveness.[2]

These findings suggest too much attention has been paid to quantitative or "first-generation" bureaucratic issues in Africa. Not enough attention has been given the more subtle and challenging "second-generation" issues of bureaucratic quality (Adamolekun 1993; Morgan and Shen 1995). State bureaucracies are a problem in Africa, but mostly because they underperform, not simply because they are overexpanded. Societies need a capable administration to keep order, collect revenue, and carry out programs. The sub-Saharan region lacks these administrative endowments.

In other words, the issue of African bureaucracy has usually been framed superficially. Due to financial exigencies, policy makers have put more stress on controlling numbers and cost than on making the bureaucracy more useful for society. The concern with size is abetted by contemporary ideological fashions, and by the fact that retrenchment and pay freezes lend themselves to precisely definable targets. But there is little empirical basis for saying that SSA bureaucracies are too big, or that simply making them smaller yields economic dividends.

This is not to make a blanket argument against reductions in force or reassignment of government personnel in Africa. There is always organizational fat, and any government agency can outlive its usefulness. In Africa, these agencies often strain to keep up with procedures left over from the colonial era, and that lack any discernible value today. Still, no bureaucracy can get rid of all paper shuffling and make-work. The important thing is that the public's work gets done. Africa's experience shows that a condensed civil service is not necessarily a more effective civil service in this sense.[3]

To gain insight into the conditions that do make bureaucracies more effective, pointed references will be made in this paper to Botswana and Mauritius, the pair of African "Tigers" (perhaps "Lions" would be more appropriate), whose economic performances over the past 25 years look more like what we are used to seeing in East Asia. Botswana and Mauritius challenge much of what is assumed to be true about the continent as a whole.[4] If we look just at 1985-95, both countries exhibited strong increases in per capita income—a period when the SSA region as a whole was registering declines. Accordingly, Botswana and Mauritius fare better than the African average in human development, as calculated by the United Nations (See Table 1.) Both countries also are the longest standing democracies in Africa, and have made their economic and social gains within a framework of civil rights and open political competition. Significantly for this chapter, neither of them went the route of civil service austerity followed elsewhere. They serve as models of how sizable, but comparatively well-managed bureaucracies can support development, even in Africa, a region better known for its administrative pathologies.

Table 1. Botswana and Mauritius Basic Statistics

	Population (1995)	Per capita GNP (1995)	Per capita GNP Average growth (1985-95)	Human Development Index (1995)
Botswana	1.5 mil.	$3,020	6.1%	0.678
Mauritius	1.1 mil.	$3,380	5.4%	0.833
All SSA	583 mil.	$490	-1.1%	0.378

Sources: World Bank 1997b, UNDP 1998

The body of this chapter starts with a review of competing theoretical perspectives regarding the economic functions of bureaucracy. A quantitative analysis of trends in African administrative systems follows. Then we turn to the qualitative issues, focusing on the Botswana and Mauritius cases for insight into the process of building effective bureaucracies. The chapter concludes with suggestions for how other African countries might emulate the successes of Botswana and Mauritius in the administrative realm.

The Mixed Blessing of Bureaucracy

Bureaucracy (literally meaning "rule by office holders") is the subject of widespread criticism. There are two leading lines of attack. One stresses the internal logic of bureaucratic aggrandizement. Perhaps its best spokesperson is C. Northcote Parkinson, an English political scientist who, shortly after World War II, humorously analyzed why bureaucracies malfunction. First proposed facetiously, Parkinson's Law has come to be accepted wisdom. It states that government organizations get bigger for no good reason. The driving force is managers who want to improve their status by building up their staff, which leads to increases in positions that bear little relationship to the purpose or amount of work to be done. Each superfluous worker generates another, and offices and bureaus multiply over time without adding any value (Parkinson, 1957).

The second main avenue for criticizing bureaucracy stresses the external factors behind bureaucratic enlargement. Public choice theorists argue that privileged groups of rent-seekers ask for advantageous government programs, and that leaders are keen to say yes to keep their hands on power. The bureaucrats hired to carry out these programs develop alliances with the external constituency groups. All work together to protect their pet programs and to secure more resources for them. An inexorable process of bureaucratic expansion ensues.[5]

For both internal and external reasons, therefore, countries are believed to be saddled with too many government bureaucrats, who seldom do anything useful. They are an economic deadweight. Getting rid of them will be free resources for productive activity in the private sector.

Such anti-bureaucratic arguments can be applied with good effect to Africa. African public sector employment exploded after independence, often as a means to provide patronage to groups of political supporters. Robert Bates (1994) points out that bureaucrats are never perfect agents of their leaders' will, and in Africa they corrupted significant aspects of government programs and survived off the proceeds. National economies sank in the region. Spending on African bureaucrats must have come at the expense of economic growth, with centralized political institutions stifling private entrepreneurship. [6] The international community became convinced that many government workers had to be let go to rejuvenate African economies (World Bank 1981, 1983).

There is an older and less disparaging tradition in bureaucratic studies, however, associated with Max Weber. For him, the problem with government bureaucracy was not its tendency to smother the private sector, but a contrary issue. Far more serious was the *absence* of bureaucracy. "Rational states" and "calculable" administration (characterized by a graded hierarchy, formal rules, written files, and salaried, full-time staff) were preconditions for capitalist economic health, according to Weber. These organizational arrangements provided the private sector a sanctuary within which to develop. Capricious public administration, by contrast, undermined the private sector's confidence and willingness to save, invest, innovate. By making the legal consequences of acts easier to foresee, the machinery of the bureaucratic state improved the investment climate and encouraged commercial activity (Weber 1950, 2nd edition).

Weber's themes resonate today in the statist school of international and political studies. This school looks at late-developing countries and observes a pattern of activist, developmental states. In particular, strong, pragmatic public bureaucracies that execute well-planned industrial policies mark East Asia (Amsden 1985). One need not accept the brief for industrial policy, however, to see that the civil service has irreducible functions in development. The voluntary and profit sectors depend on certain public goods—notably a stable constitutional and legal order, a system for mass education, a network for public health, a physical infrastructure for commercial activity, and a means to protect the natural environment. The official development organizations have lately begun to acknowledge how crucial the state is.[7]

Weber's point is that market economies cannot thrive unless a state bureaucracy helps provide public goods. Obviously, some public goods do emerge spontaneously from private exchange, but seldom in socially desirable quantities.[8] It takes government administration to make up the difference. From the Weberian viewpoint, therefore, the economic troubles in Africa are more likely related to aimless or inattentive, but not necessarily enlarged, bureaucracies. Conversely, the accomplishments of the more successful countries, such as Botswana and Mauritius, must have been built on a base of impartial, professional bureaucrats. The evidence suggests these Weberian insights are correct on both counts.

Measuring Africa's Public Sector Workforce

There is no optimum dimension for the public service. Clearly, economic advancement has occurred under a broad range of state bureaucracies, from large to small. Still, while we cannot say any particular amount of public employment is ideal, we can look for international benchmarks and ask how Africa measures against them. This can help us judge whether African bureaucracies are out of scale.

Before trying to establish these reference points, it is important to observe the dearth of reliable statistics on public service jobs and pay in Africa. The impoverished database makes it hard to compare across countries, or even to establish trends over time within a single country.[9] A major issue in the SSA region is the presence of so-called ghost workers in the public sector—deceased, retired, or nonexistent people who nonetheless draw pay checks. The number of ghosts will never be known, but must be significant (Nunberg 1994).[10]

To further complicate cross-country comparisons, governments have more than one way to carry out the same tasks. For instance, they may directly operate the health care system. Other governments may finance health services indirectly, subsidizing private health care providers. In the first type of system, medical staff is on the public payroll, in the second type they are not. But the comparison is meaningless as far as indicating which government is paying for more health care workers.[11]

Another source of misunderstanding relates to the level of government. More information is always available on employment in central government than in local government. This poses little problem when comparing unitary states, where central authorities carry out the bulk of government activity. The situation is different if a federal state (Nigeria for instance) is included, because they delegate more public administrative duties to the subnational levels. Thus, international contrasts in central government employment must be done cautiously.

Size of Africa's Civil Service

Remaining vigilant to the difficulties inherent in the data, they do not show government job levels in SSA to be excessive by world standards. At independence, none of the former African colonies had a substantial civil service. The colonial state rarely did much more than keep the peace and collect revenue—important tasks, to be sure, but not ones that took a huge staff to carry them out. Kenya's administrative apparatus was more elaborate than most, due to the large settler enclave and the Mau Mau emergency. Still, there were only about 63,000 civil service posts (many unfilled) in 1965—this in a country of 10 million people at the time (Hydén 1970:9). Nigeria, with a population more than four times as large, gained independence in 1960 with fewer than 72,000 federal and regional employees (Adamolekun 1978:322).

These were not large numbers, and they were bound to mount. Not only did the new regimes have to boost staffing levels to satisfy rising expectations for better public services, they also needed more government jobs to reward supporters. Soaring populations and government activism further pumped up demand for government employees. Thus, by 1979, Kenya had over 258,000 central government employees (more than half being teachers and health workers) according to its Civil Service Reform Committee (Civil Service Review Committee 1980:33). Nigeria had even stronger growth. By 1974, that nation's Public Service Review Committee put federal and state civil service employment at 275,000, plus another 383,000 public employees in schools, universities, police units, and other jobs (Public Service Review Commission 1974).

The early 1980s were the high water mark for public employment in many SSA countries. A rough estimate for the region is that employment in the regular line agencies of government topped 6½ million, more than three times the figure two decades earlier. This sounds alarming. But it is worth remembering that the population of Africa went up 70% between 1960 and 1980. Given the base of rudimentary public services in the colonial era, a threefold rise in the number of civil servants over twenty years may not look unreasonable—provided that the government workers could be paid for in a non-inflationary way, and that they did the jobs they were meant to do. Unfortunately, neither of these things happened. Economic growth proved too slow to easily fund these workers, and their performance was clearly lacking on many counts (Lungi and Oni 1979). For reasons we examine later, most countries' public officials routinely failed to do many allotted tasks.

Observers are apt to characterize the SSA state and civil services as "swollen" and "bloated," as suffering from "bureaucratic elephantiasis syndrome" (Diamond 1987; Crook 1989; Beyene and Otobo1994). Do these charges hold up? World Bank researchers recently compiled a comprehensive data set that permits an answer. Their data show SSA does *not* have inordinate public employment by world standards. This is true even after adjusting for the level of national income (Schiava-Campo *et al.* 1997).

To start with the head count, Africa actually has fewer government workers per capita than any other developing region (see Table 2). (Workers in public corporations are not included here. They are discussed in the section below dealing with parastatals.) The average Asian country, for instance, reports 2.6 civilian government workers for every 100 people; the average Latin American country reports 3.0 government workers. For a score of African countries, the average ratio is only 1.5 government workers per 100 population.

Our focus cases, Mauritius and Botswana, were different. As reported in Table 2, employees at all levels of government (excluding defense and state enterprises) represented 5.5% and 5.8% of the population in these two, reasonably successful countries. That is nearly four times as high as in the typical African country.

To what extent do the data in Table 2 merely reflect different levels of development? The comparatively small bureaucracies in most of Africa might just represent the region's lower standard of living. Wagner's Law states that government spending increases disproportionately as societies get richer. This tendency is due to public affairs being more complex to administer in more developed countries, and to the fact that demand for public services is income-elastic (richer people want more of them). So we would expect Africa to have small bureaucracies. They might still be large in relation to their domestic economic bases.

An IMF study sheds light on this issue. Peter Heller and Alan Tait (1983) calculate an International Government Employment Index, using data for around 1980. The index shows whether a country has more or fewer employees than would be predicted, given its per capita income, population, type of economic system, and the patterns observed elsewhere. Specifically, the index is the ratio of actual employment to the predicted level (multiplied by 100). Thus, a typical country would score 100, meaning the size of its government work force matches what would be expected based on income, population, and so forth.

Table 2. General Civilian Public Sector Employment: Developing Country Regions

	Percent of population (mid-1990s)[a]
Asia (11 countries)	2.6
Latin America & Caribbean (9 countries)	3.0
Middle East & North Africa (8 countries)	3.9
SSA (20 countries)[b]	1.5
Botswana	5.8
Mauritius	5.5

[a]Unweighted mean for countries in the group.

[b]Angola, Cameroon, Cape Verde, Central African Republic, Comoros, The Gambia, Ghana, Guinea-Bissau, Ivory Coast, Kenya, Malawi, Namibia, Senegal, South Africa, Tanzania, Togo, Uganda, Zaire, Zambia, Zimbabwe

Definition: General Civilian Public Sector Employment includes workers in all government organizations financed by government budgets (including health and education providers but excluding national defense and state-owned enterprises).

Source: Schiavo-Campo *et al.* 1997

Heller and Tait estimated the International Government Employment Index in 17 African countries. The average score (for general government employment) in these countries was 92, or 8% less than anticipated.[12] In other words, the mean number of government workers in SSA falls below the international norm, after controlling for other factors. There was, of course, variation around the mean: seven countries in the sample scored over 100 and thus, by this measure had "too many" civil servants according to the international benchmark. Both Botswana and Mauritius were in this "overbureaucratized" group.

A more recent World Bank paper examines data for the 1970s, 1980s, and 1990s, and makes a similar finding: Public sector employment in Africa is about average for developing countries (Botswana is an exception on the high side), after adjusting for the level of development, urbanization, and exposure to external risk (Rama 1997). The gross numbers may still be larger than they should be in an ideal world. There also may be distortions in the kinds of civil servants employed, with too many people in some fields and too few in others—disaggregated comparative data are not available to analyze satisfactorily any misallocation of personnel. However, we can probably rule out the possibility that singularly large gross amounts of civil service workers explain the SSA region's singularly slow economic growth.

There is another sense in which the civil services may be overstaffed. Starting about 1980, most African governments have been in financial straits. The regional average government budget deficit was 2.2% of GDP that year, and rising (World Bank 1997b). When governments confront revenue shortfalls, their typical initial reaction is to defer spending on operations and maintenance (O&M), and to postpone capital outlays. Wages are usually the last budget item to be cut. The result is a distortion in the pattern of expenditures (Gray 1989). When wages gobble up O&M and new investment, even honest and hard-working civil servants will lack the wherewithal to do their jobs properly. Too many employees exist relative to other resources.

Most developing countries have faced this form of overstaffing in recent years (Marinakis 1994). Africa is no exception. Yet, it is not clear that public employment and complementary inputs are more out of balance in Africa than in the rest of the Third World. The IMF statistics on government spending are of mixed quality, but for what they are worth, they suggest that SSA public personnel expenditures crowd out *less* spending, compared to developing countries generally. As Table 3 reports, Africa's ratio of government wages and salaries to other goods and services (a proxy for government O&M) is below average for less developed countries. The same is true of the ratio of salaries to government investment. There may be definitional problems in these categories, but the implication is that excessive spending on personnel has not distorted African government budgets to an abnormal degree for the Third World. In seeking explanations for Africa's much lower than average economic growth, we have to look elsewhere.

Table 3. Central Government Expenditures: Wages versus Other Classifications

	All LDCs	SSA	
	1985-89	1985-89	1990-95
Ratio of wages & salaries to:			
Other goods & services	1.67	0.66	1.04
Capital spending	1.57	0.45	0.60

Sources: Pradhan 1996, World Bank 1997a

Civil Service Reform

The logical place to turn is whether public services get delivered in a reasonably effective manner. African countries have long been trying to make their civil services do better at delivering these services. Between 1951 and 1974, for example, Ghana initiated no less than nine different administrative reform programs. During roughly the same period, Kenya had eight commissions or other public bodies undertake administrative reform assignments; Nigeria had five (AAPAM 1984). Even Mauritius, one of our two “success stories,” launched several official inquiries in the 1950s and 1960s into its system of public administration. The Mauritius bureaucracy had come under intense local criticism for ineptitude (Minogue 1976).

These African administrative renewal exercises were mainly indigenous. A series of external donor-driven programs, oriented toward downsizing, succeeded them in the 1980s (Nti 1996). The first steps in these more recent civil service reforms usually were wage and hiring freezes, followed by the more politically difficult steps of early retirements and layoffs.

Statistics on central government employment in 11 countries show the recent downsizing reforms generally had the desired result. As reported in Table 4, the total number of central government workers in these countries dropped by 120,000 (or 9%) during the 1980s and early 1990s. With public employment down in most of Africa, spending on public wages and salaries also dropped. As Table 5 displays, the region’s central government wage bill receded between 1986 and 1996, by 1.2% of GDP.

Table 4. Government Employment ('000 Employees) Selected African Countries

	late 1970s	mid-1990s	Change
SSA[a]	1,384	1,264	-120
Botswana[b]	24	82	+58
Mauritius	55	62	+7

[a]Burundi, Cameroon, Congo, Kenya, Senegal, South Africa, Tanzania, Togo, Uganda, Zambia, Zimbabwe. Figures are for Central Government Employment (includes all employees paid by the central government budget). Public enterprises are not included.

[b]Separate figures for Botswana and Mauritius are for General Government (central, state, and local government, but not public enterprise).

Sources: Heller and Tait 1983, Schiavo-Campo *et al.* 1997

Table 5. Central Wage Bill as Percent of GDP, Selected African Countries

	1986	1996
SSA[a]	7.0	5.8
Botswana	8.6	9.8[b]
Mauritius	7.3	8.0

[a]Unweighted average of 32 countries: Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Equatorial Guinea, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.

[b]1995

Sources: Lienert and Modi 1997, IMF 1997

These downward trends do not pertain to Botswana and Mauritius. They moved against the regional tide—Botswana dramatically so, adding over 50,000 workers to its public employment rolls (a rise of 240%)! Public employment went up by 7,000 workers (or 13%) in Mauritius (Table 4). (These head counts include local government employment, and thus are not strictly comparable with the central government figures cited above.) The two countries' wage bills were a larger share of GDP in 1996 than a decade earlier. In both years, Botswana and Mauritius spent proportionately more than the average African country on central government wages and salaries (Table 5).

African countries that cut central government wages did not grow any faster in the 1986-96 period. If anything, the opposite is true—economic growth has tended to be highest in countries where the civil service wage bill has been getting bigger, not smaller. Correlation is not causation. Still, it is plausible that civil service cuts would hurt more than help economic performance, due to the difficulty in maintaining (let alone improving) the quality of essential public services while retrenching. Once the ghosts and part-timers have been eliminated, who should be the next to go? If retrenchment is voluntary, a moral hazard problem arises: the most desirable workers will be the most likely to take advantage of early retirement packages because they have the best prospects to find other jobs. The resulting staff reductions are apt to be arbitrary, leaving some units or some skill areas below the strength needed to function. In Ghana, for example, retrenchment and hiring freezes deprived many field organizations of support staff in the late 1980s. Minus messengers, typists, and clerks, the senior officers who still drew checks sometimes simply closed their offices (Asibuo 1992).

On the other hand, the more serious problem in many African civil services is overstaffing in the lower grades, according to a study done for the United Nations.[13] Less skilled positions are numerous and thus politically costly to eliminate, and are too poorly paid to save much money anyway. It is the skilled personnel who are most likely to find other jobs, leaving gaps at the top of the bureaucratic pyramid. Insufficient resources are available to tempt back the specialists and professionals, so the bureaucracy continues to decay.

Whatever level we look at, however, simply adding more civil servants will not automatically revive the profit-seeking sectors of the economy. If agricultural extension agents seldom see any farmers, hiring more extension agents will not improve farm productivity and output. Ditto for teachers who do not teach, health workers who do not heal, or police officers who commit crimes rather than prevent them. The point Richard Crook once made about Ghanaian officials applies across the continent: a basic problem is lack of authority, in the sense that officials cannot be counted on to do what they are told (Crook 1983). To help raise national income levels, African societies need experienced and reliable extension agents, educators, nurses, and law enforcement personnel, who can serve as the instrument of appropriate public policies. Hiring freezes and layoffs could lead away from that goal, making the bureaucracy even less dependable than it was in the first place.

To repeat a point made earlier, the relationship between bureaucracy and growth is mutually reinforcing. A growing economy makes it possible to support a larger bureaucracy, and a larger bureaucracy may create conditions that support a growing economy—with the proviso that the bureaucracy be reasonably effective at delivering public services. The reverse is also true. A shrinking economy makes it difficult to maintain a stable level of public employment, leading to cutbacks in the bureaucracy and perhaps creating even more unfavorable business conditions—especially if the remaining bureaucrats choose not do what they are meant to do, either by slacking on the job or by engaging in outright corruption.

The Special Problem of Parastatals

We have so far left aside discussion of employment in parastatal companies, known in the rest of the world as state or public enterprises. African governments, despite their lack of administrative capacity, have long embraced the principle of state enterprise. A state enterprise differs from an ordinary government organization because it sells goods or services and is expected to turn a profit. It is similar, however, because the government implicitly (or sometimes explicitly) stands behind a public enterprise with the offer to make good any losses. Some of the SSA parastatal entities date from the colonial period, when marketing boards tried to assert control over leading exports. Most of the growth in parastatals took place after independence, as African governments tried to jump start national development by direct public investment (Nellis 1994). These state corporations are familiar in mineral extraction, communication, and transportation.

All countries have some public enterprises, of course. Gaps in the international data make it hard to compare the extent of public enterprise across regions. However, Africa does not seem to have significantly more than its share.[14] Table 6 reports recent comparative data. As of 1985-90, state-owned companies represented about 10% of the GDP in the African countries reporting data—marginally higher than the average in Latin America and Asia. Nonetheless, these firms probably represent a exceptionally large segment of SSA's non-agricultural sector, which is smaller than in other developing areas. They are by all accounts a major drain on the national economies in region.

Table 6. State-Owned Enterprises' Share of Economic Activity
Selected Regions and Countries

	Percent of GDP
Latin America & Caribbean (17 countries)	8.0
Asia (5 countries)	8.7
Africa (16 countries[a])	10.2
Botswana	5.6
Mauritius	1.9

[a] Botswana, Burundi, Cameroon, Central African Republic, Congo, The Gambia, Ghana, Kenya, Malawi, Mauritius, Niger, Senegal, South Africa, Tanzania, Zambia, Zimbabwe.

Definition: A state-owned enterprise is a government owned or controlled economic entity that generates the bulk of its revenue from selling goods and services.

Source: World Bank 1998

How many people work for Africa's public companies? Overall numbers are difficult to come by, though featherbedding clearly is a problem. Data from a few countries suggest parastatal employment was on a par with civil service employment in the early 1980s (Swanson and Wolde-Semait 1989; Lindauer1991). As with the regular government service, today's head count must be lower. According to a World Bank study, close to 400 African state-owned firms were liquidated or sold to private investors in the 1980s (Kikeri *et al.*1992). The pace of privatization appears to be accelerating, with nearly 600 privatizations in SSA from 1990 to 1995, according to another source (Bennell 1997). The total value of these transactions is modest, however, about $2.7 billion as of 1996, which is equivalent to about 1% of the regional GDP (Cambell White and Bhatia 1998:68).

The pretext for most SSA parastatals is that the local private sector is too backward to take advantage of market opportunities. With multinational corporations supposedly uninterested in investing in the region, either, state-owned enterprise is offered as the only recourse. The examples of Botswana and Mauritius cast doubt on this argument.

Botswana held direct public involvement to a few parastatals providing utilities and infrastructure, despite the windfall of mineral wealth (Danevand 1995). Mauritius established a port authority and other bodies, but did not go the route of building a large public enterprise sector, either. At 5.6% of GDP in 1990-95, Botswana's parastatals represent about half the average economic activity in the Africa sample; Mauritian parastatals are even more modest (1.9% of GDP), or one-fifth the sample average (Table 6).[15] These two cases show that the profit-seeking sector can step forward, even in Africa. Heavy investment in public sector companies is not necessary for an economy to develop. The secret is to create a welcoming environment (including an effective bureaucracy) for private investment and commerce, which both countries have done.

Moving Beyond the Numbers

Unfortunately for policy makers, fashioning an effective bureaucracy is not easy. Yet having one probably does more for the business environment than meeting arbitrary quantifiable targets, such as a certain number of civil servants or a particular aggregate government wage bill. Regarding Botswana and Mauritius, the fact that they now possess large bureaucracies (and small parastatal sectors) is less interesting than their reputations for administrative integrity and capability—reputations that accompanied (and to some extent preceded) their rapid economic growth.

Consider how they score on Transparency International's Corruption Perception Index. TI's index assesses the degree to which public officials are seen to accept bribes, take illicit payment in public procurement, embezzle public funds, and commit similar offenses. In 1998, Botswana and Mauritius came out number one and number two, respectively, among SSA countries for having the least perceived corruption. Another "good governance" evaluation system, the Economic Freedom Network's rule of law rating, shows a similar pattern for 1997. A panel of experts gives Botswana and Mauritius top marks in the region (exceeded only by Namibia and South Africa) for possessing established institutions to implement laws and adjudicate disputes.[16] These are the kinds of states that can attract private investment.

To understand how Botswana and Mauritius got where they are, we need to go back to the late colonial period. In most other SSA countries, policy makers were as worried as they are today about how to uphold the standards of public administrators. At the time, senior staff were well educated, experienced, and socialized to professional norms. But they were mostly European. Local people mainly held menial positions. A shift had to happen, and Africanization of the professional and managerial levels of the civil service became a universal goal in the waning days of colonialism. The debate was how to do it without diluting quality.

Putting aside for a moment the need to expand government services in the post-colonial era, just to keep offering the existing level of services was a challenge for the new states of Africa. How could local people be integrated into the upper ranks of the public service and not disrupt it? Given the small number of Africans with university degrees, there was no obvious solution. Local educational institutions could not supply enough trained people for several years, and overseas education could not fill the gap, either. Another issue was socializing new recruits to the bureaucratic ethos, which took mentoring from more seasoned staff. A. L. Adu (1965:115) warned at the time of the dangers "in the acceleration of the Africanisation programme beyond the point which may be regarded as wise or prudent. Precipitate or reckless action could result in falls in standards of efficiency which might have a disastrous effect on the whole program of services and development of the Government."[17]

Still, most countries did move quickly to Africanize. Whether the reason was fear of sabotage by Europeans, or simply the need to find "jobs for the boys," local people flooded the bureaucracies in most countries. In Tanzania, for example, Tanzanian nationals holding senior or middle-level positions in the civil service rose from 12% of the total to 90% during the 1960s (AAPAM 1984:31, fn 32). The tempo was similar in Kenya. Africans held barely 6% of the top 8,000 administrative posts at independence. Less than ten years later, the figure was 90% (Wamalwa and Balogun 1992:30). Thus, the majority of African public services got off to an unsteady start, with too many novice personnel occupying too many demanding positions (Mutahaba *et al.* 1993).

The African "Tigers" handled the passage to Africanization differently. Mauritius benefited from a long transition to independence, during which time the local population participated heavily in administrative work (Minogue 1976). That country's unusually high education levels aided this gradual, tutelary changeover. Botswana also followed a more deliberate course of Africanization, though starting with a much poorer human resource base (the country had reportedly produced only eight university students [sic] as of 1960) (du Toit 1995:28, 35). Local people occupied 39% of senior and middle-level staff positions in 1964, two years before independence. Disregarding pressure from below to hire more of its own citizens, the new government's policy was self-consciously to avoid sacrificing standards for the sake of engaging underqualified or inexperienced local people. By 1972, the percentage of citizens at the senior and middle-level had climbed to 81%, but it dropped again to 76½% in 1982. The absolute number of expatriates in high public service positions actually rose during these years (Picard 1987).

There may be less contrast here than meets the eye, however. Even now, Tanzania, Kenya, and most African states lean heavily on foreign advisors and technical experts, whatever the official employment statistics show (Cohen 1992). After independence, a multitude of professional workers from the industrial world moved to Africa to fill gaps in the public sector. The largest share was educators, but foreigners took on a range of advisory positions in government ministries and in managing foreign aid projects. Eliott Berg reports there already were 31,000 technical assistance personnel in SSA in the early 1960s; by the late 1980s the number had probably grown to around 40,000 (Berg 1993). So many African countries remain heavily dependent on expatriate teachers, doctors, economists, and so forth, despite formal Africanization.

What still sets Botswana apart, according to a World Bank report, is that it assesses its technical assistance requirements for the economy as a whole, not project-by-project as most countries do. Taking a global view supposedly helps reduce ad hoc arrangements, and makes it easier for people in public service actually to learn from the foreign experts. Also, the expatriates are usually put in executive positions, and do not serve simply as advisors. They are common in middle-level management, where African bureaucracies are apt to be weakest (Raphaeli *et al*. 1984). Botswana's government continues to acknowledge and encourage the contribution of expatriates to national development, though the issue is a constant source of lively debate within the country (Hope 1995).

Gradual Africanization was not always the answer, either, as proven by the case of Côte d'Ivoire. That country continued to rely heavily on French managers and experts for years after independence. While once seen as a model performer in Africa, that positive view ceased about 1980. One distinction with Botswana and Mauritius, however, is the higher degree of politicization of the Ivoirian bureaucracy. This may help explain Côte d'Ivoire's poor showing. Ghana and Nigeria are two other examples of countries that made gradual transitions to independence, but whose civil services were quickly politicized and rendered inefficient.

Civil Service Professionalism

How do Botswana and Mauritius avoid politicizing their bureaucracies? Part of the answer lies in the way they recruit and manage their national staff. The Weberian model's criterion for recruitment and promotion is merit, based on competitive selection and subsequent advancement of the best-qualified applicants. These individuals are supposed to serve whomever their political masters happen to be. To assure they make objective decisions and apply rules impartially, public bureaucrats should be allowed to remain in their positions without fear of political retribution.

Obviously, real countries only approximate the Weberian model of apolitical, technocratic public administration. Both Botswana and Mauritius come reasonably close to it; most other African countries fall far short (Hydén 1983; AAPAM 1986). In anglophone Africa, standards are supposed to be guarded by Public Service Commissions, which, according to British practice, are independent bodies for supervising hiring and personnel procedures. Botswana fits the mold. The country's president is entitled to make only a few senior appointments; there is a strong commitment to the value of neutrality. Recruitment is open to all, promotion is meritocratic, and employees have the right to appeal personnel decisions (Westcott 1996). Mauritius is similar, putting heavy emphasis on achievement as the means for climbing up the ranks. A strong Public Service Commission operates here, as well, to insulate the bureaucracy from inappropriate political meddling (Carroll and Jaypaul 1993; Carroll and Carroll 1997).

Other SSA national bureaucracies are prone toward far more interference from politicians. Kenya is a good illustration. At independence, the constitution, as usual in former British colonies, provided for an independent Public Service Commission. However, Kenya's first constitutional amendment reduced the commission to a rubber stamp, and gave the country's president broad authority over the civil service. In effect, the civil service became an instrument of personal political power, used by the chief executive to support a system of clientele relationships. The Public Service Commissions in Tanzania and Zambia suffered a similar fate, quickly losing power to the executive through changes in the constitution (Mutahaba 1989).

Weber had a term for this sort of personalized system of public rule. He called it patrimonialism, to distinguish it from the rational-legal authority of bureaucratic administration. In a patrimonial administration, getting ahead becomes a matter of connections more than performance. The work environment is intimidating under patrimonial regimes, and people are discouraged from speaking their minds or using their expertise if it threatens the power structure. Corruption becomes commonplace, further complicating the process of building a reliable, professional administrative apparatus (Harsch 1993). According to some interpretations, SSA bureaucrats became a self-serving interest group in their own right, or even a new bourgeoisie (Dumont 1962; Markovitz 1976; Sklar 1979). Doing their job was often a secondary consideration to personal aggrandizement in most countries.

We should not be surprised that business executives in Botswana and Mauritius tend to agree, when asked the question in a recent survey (World Economic Forum and HIID 1998), that their civil services have the strength and expertise to avoid drastic interruptions in government service. Respondents in 15 other SSA countries surveyed (except Burkina Faso) expressed less confidence in their civil service's stability. Not that the Botswanan and Mauritian bureaucracies lack any serious flaws.[18] Administrative reform exercises in both countries refute that naive suggestion. The issue is one of degree. When it comes to neutrality and competence, most other African countries do not come close.

The fact that the Botswanan and Mauritian bureaucracies are reasonably apolitical does not mean they are cut off from outside influence. The statist literature sometimes sees an autonomous civil service, particularly at the "wholesale" level where policy is determined, as a factor in rapid economic growth. Autonomy is supposed to foster objectivity among bureaucrats and free them to act for the larger social good, as opposed to protecting narrow interests. Japan and South Korea are classic examples where this model of an insulated state supposedly worked. Peter Evans argues, however, that the successful Asian states are less insulated than the statist literature usually says. These countries do have internally coherent bureaucracies, but those bureaucratic organizations are actually connected to society in many ways. Without such links, the bureaucrats would not know what to do, or what they could count on the private sector to do. Evans calls this model, where state institutions exhibit apparently contradictory elements of internal *and* external cohesion, "embedded autonomy" (Evans 1995). The description fits both Botswana and Mauritius reasonably well.

Botswana has a technocratic elite who sometimes play an independent role in policy formulation in that country. Even so, elected officials make the key choices there, including when that means running over the bureaucracy's interests (Charlton 1991). In Mauritius, senior public servants interact frequently with interest groups (Carroll and Carroll 1997). According to Deborah Braütigam (1997), that island nation notably lacks an elite group of experts who call the shots on tough issues. Rather, such decisions flow from the give-and-take of politics, as you would expect in a democratic system.

If we move further down the layers of bureaucracy, to the “retail” level of service delivery, insulating public employees from society becomes less and less defensible. We know schools, clinics, police, and the like often do best when the community receiving the public service also joins in designing it and carrying it out. Citizen participation is not a silver bullet, but it does have many benefits in adapting the public service to what people need and are willing to support (Uphoff *et al.* 1979). The alternative is usually arbitrary decision making by bureaucrats or politicians that fails to account for local conditions.

Wage Erosion and Compression

To get good people to take a government job and stick with it, they must be paid fairly. Not surprisingly, Mauritian civil servants are well compensated (Grey-Johnson 1994). In fact, a decade ago the magnitude of public sector pay raises provoked concern in a World Bank report (World Bank 1989). The pattern is similar in Botswana. Pay lags the private sector somewhat for skilled positions, but the levels have at least kept pace with inflation (Modisi 1996).

Other countries in Africa look very different. Many observers assume that civil service pay in the region is excessive. Perhaps it was too high during the transition to independence (Abernethy 1971). It ceased being so by the 1980s. Official pay for many government workers fell substantially in real terms during the decade, sometimes below poverty levels. Allowances also fell. Workers adjusted in many ways, such as pilfering and cutting hours (Chew 1990). There also was substantial leveling of salaries, with compensation at the top levels lagging the most. Even payment was not assured, and employees often went months without a check. George Ayittey (1998:9) reports the story of one civil servant in Nigeria who died of exhaustion while waiting to collect his $20 monthly wage. With wages and benefits held to the bone, spending on O&M also suffered, further incapacitating the civil service.

Putting it mildly, such working conditions did not favor first-rate performance. The absence of pay raises, the lack of connection between effort and reward, the missing basic supplies, all these things were highly demotivating. Naturally, the best people fled to the private sector, where they could command more for their services. Those who stayed behind could hardly be blamed for moonlighting or even “daylighting” on the job. Petty corruption also is understandable under these conditions, especially when national leaders are setting the example for how to misappropriate public funds on a grand scale. Botswana and Mauritius simply never had these problems to the same degree that other African countries did.

Implications

The Botswanan and Mauritian civil services are case studies in what organizational theorists term the “path dependence” of organizations. The pair of public bureaucracies got off on the right foot. Unusually for Africa, the political leadership in these two countries remained faithful to their initial vision about how to structure and run the civil services, making a sequence of prudent choices that reinforced themselves in a positive way. Corruption never got as far out of hand as in other African countries, because relatively transparent and competitive political systems would not tolerate it. Democratic processes provided reasonable assurance that policy makers had popular support and cooperation. As Botswana and Mauritius grew more affluent, they could afford to hire more public workers, who in turn appear to have provided the policy advice, health care, education, and other services needed by a growing economy.

In the rest of Africa, most bureaucracies were *mal partie*, to paraphrase Rene Dumont (1962:9). Political interference and low standards set the wrong tone at the beginning, and interacted later with poor working conditions and low pay in a classic vicious cycle. Embezzlement, extortion, and nepotism took root, typically abetted by political leaders who might have been in a position to curb such misbehavior, but who instead joined in it. Authoritarian political systems provided little independent check on incompetence and thievery in the public sector. The people's respect for the state and its officials faded. These bureaucracies provided inadequate services in the context of economic decline, and economic decline allowed for even less adequate services. Breaking out of the vicious cycle will be difficult.

When any organization (or set of organizations) has built up expectations about how its members are supposed to behave, the behavior tends to re-enforce itself. This is why formal groupings develop distinct personalities and cultures, and is also why they oppose changing. Routines provide the path of least resistance. The best time to set a course for organizations, therefore, is at the beginning, when patterns are being established. In creating their public services, the fledgling states in Botswana and Mauritius were fortunate to have avoided many mistakes made elsewhere in Africa (and in other developing areas, too)—mistakes that are much harder to correct afterward. Once teachers, nurses, or extension agents get accustomed to lax performance, they have little reason to want to change.

Fortunately, opportunities sometimes do emerge to start with a clean slate. An example is Ghana's National Revenue Secretariat, established in 1984 (Dia 1996:86-90). Tax collection had become a critical problem in Ghana. The Ministry of Finance division in charge of revenue was corrupt and marred by absenteeism, which fueled the growing public budget deficit. The National Revenue Secretariat was created as an elite unit to oversee taxes and customs. Steps were taken at the beginning to sustain a performance-based culture in the new organization. Base salaries were set at par with the banking sector, and working conditions were held to a high standard—paid for in part by allowing the Secretariat to meet operational expenses by taking a cut of all revenue collected. These efforts paid off. By 1988, tax and customs revenues almost doubled as a share of GDP.

The liability of Ghana's approach is that it creates an enclave, and does little to help other units of the government. It may even harm them, by denying them resources and creating interdepartmental jealousies. On the other hand, the enclave can perhaps be employed as a model, to inspire similar changes elsewhere in the bureaucracy on an incremental basis.

Creating one new agency, as in Ghana, is obviously far easier to bring about than renovating an entire civil service system from top to bottom. For that to happen, radical new leadership is needed that is unbeholden to the interests in the existing bureaucracy. Uganda is an example. That country has had a far-reaching civil service reform program since 1989 (Szei 1997). It needed one after the depredations of Idi Amin and Milton Obote. When the National Resistance

Movement took power, that provided the opening to make a fresh start in the civil service. The World Bank and IMF celebrate Uganda's staff cuts, which eliminated about 60% of central government employees by 1995. But the civil service reforms involve much more than layoffs. Indeed, net hiring has begun again. Additional teachers are needed to make good Uganda's new universal primary education scheme (Brixiova 1998:fn 16). The government wage bill also has been rising, from 1% of GDP in 1990 to a still modest 3% of GDP in 1996, in an effort to improve motivation within the civil service (Lienert and Modi 1997).

While retrenchment is easier to measure, the more important aspect of Uganda's endeavor may be its effort (effective or not) to create a new outlook in the bureaucracy. The government has promulgated a code of conduct, meant to encourage civil servants to adhere to high ethical standards in their public lives. The code is part of a wider program of results-oriented management, which attempts to define objectives with measurable performance standards (Langseth 1996). There also is a new Inspectorate of Government, charged with rooting out corruption and proposing regulatory and administrative reforms of public interest. The Inspectorate's investigations have resulted in the dismissal of hundreds of corrupt officials (Dia 1996). Some independent observers, however, are skeptical that there has been much change in mentality (John Munene, personal communication).

Can Ghana, Uganda, and other SSA countries over the long haul emulate Botswana or Mauritius? Authentic and sustained civil service reform is never impossible, given domestic political consensus that bureaucratic incapability and corruption are serious obstacles to development. Sadly, building the esprit de corps and skills of the public sector takes far longer and far more effort than does destroying these organizational assets. The history of public administration in most of Africa raises doubt that rational-legal systems will replace patrimonial ones in many places soon.

This is troubling. Rational-legal administrative systems may not be a sufficient condition for sustained economic growth and social improvement. But, as Weber argued and as Botswana and Mauritius show, such systems look like a necessary condition for long-term capitalist development. Countries that fail to bring their public bureaucracies closer in line with Weberian precepts, are going to have a hard time meeting their populations' economic and social needs.

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Endnotes

[1] The point is not unknown in the literature, but it is seldom sufficiently emphasized. An exception is Jackson and Rosberg 1982.

[2] La Porta *et al.*(1998) make a similar point in a recent paper. Their econometric analysis shows that bigger governments are also better governments (in the sense of being good for capitalist development), which is not to make a case for expanding any particular state.

[3] In this chapter, the term civil service is used broadly to include core public administration (economic policymaking and management, law enforcement and adjudication) and other public services, such as education and health. Bureaucracy will be used as a synonym. When distinctions are made, as for example, between central and local government employment, they will be noted in the text. The discussion by and large does not include either military employees or employees of state-owned corporations. To avoid tediousness, this chapter refers interchangeably to Africa when it means sub-Saharan Africa. When North Africa is included, that will be made specific.

[4] According to World Bank and IMF data, average GDP growth in Botswana was 11.1% from 1970-95—highest in Africa (and the world). Mauritius averaged 5.3% per year during the same period, third best in Africa (Lesotho was number two, with a 6.9% GDP growth rate). One might object that Mauritius is only nominally an African country, and it does bear a close resemblance to many other small, island states, for example in the Caribbean. Still, it became independent with "Africa-like" strikes against it, including overpopulation, dependence on one export commodity, ethnic tension, physical isolation, and destruction wreaked by cyclones. Botswana also made an inauspicious entrance to nationhood. Thirty years ago it was one of the poorest countries in the world, and had to cope with drought and being landlocked, among other problems.

[5] See for example Buchanan (1975, p. 155-61).

[6] This argument can be found throughout Wunsch and Olowu (1990) and Abernethy (1988).

[7] See for example World Bank (1997b)

[8] In contrast to private goods, public goods tend to be non-excludable (potential users cannot be kept away) and non-subtractable (one user's use does not take away from another's). Therefore, private producers cannot capture the full production cost of public goods, and lack material incentives to create them. Private, profit-seeking actors still may be motivated to produce and sell some public goods, particularly health care, education, and, increasingly, police services—but usually in suboptimal quantities. Private voluntary action also produces many of the same public goods.

[9] Sometimes the uncertainty is due to records being decentralized, though often individual departments lack accurate information on whom they employ. They may know the number of permanent posts they have, but not how many are filled or whether casual workers have been hired as a stopgap (Robinson 1990).

[10] Uganda eliminated 44,000 ghosts (13% of the civil service) between 1991 and 1996 (Brixiova 1998).

[11] Similar problems of comparability exist for the postal system, the railroad, and other services—sometimes these are provided by government departments, sometimes by autonomous government corporations and "quangos" (quasi-autonomous governmental organizations), to use a British term. The growing popularity of contracting for public services further blurs the distinction between the public and private sectors.

[12] A general government employee refers to a worker at the central, state, or local levels (excluding nonfinancial public enterprise) in the IMF study. It must be reemphasized that the quality of the underlying data prevents anyone from drawing firm conclusions about the "optimal" size of any country's civil service.

[13] See Kiggundu (1996)

[14] By the 1970s, one study suggested public enterprises represented on average 17½% of the weighted average of several African countries' GDP—nearly twice the developing country average. However, this figure included two outliers: Morocco (a North African country) and Zambia. Other African countries in the sample had more modest levels of public enterprise (Short 1983).

[15] As elsewhere in Africa, the trend in these two countries is for further reductions in the parastatal sector. Botswana has commercialized its postal service and railways, and the country continues to look for further privatization opportunities (Nfila 1995).

[16] For details, see the websites of Transparency International *(www.transparency.de)* and the Economic Freedom Network (*www.freetheworld.com*).

[17] Kenneth Younger (1960:72-73) issued a similar warning about the danger of rapidly replacing the experienced European civil servants. “Should it prove impossible, for whatever reason, to retain the necessary overseas personnel for a sufficient period, the price paid by the new states will be heavy... If this period of creative endeavor ends in frustration for want of a governmental machine to carry the burden, the new state’s political stability and its capacity for democratic development may well be endangered.”

[18] It should be noted that in the same survey, respondents in neither Botswana nor Mauritius expressed a high opinion of the competence of civil servants as compared to private sector employees. Public sector workers got better evaluations in several countries, including Tanzania and Zambia. However, the results could reflect a greater regard for the private sector in Botswana and Mauritius, as opposed to a poor absolute impression of the public sector in those two countries.

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