Origin of Development Policy and the Effect on Economic Growth

A Proposed Theory with Historical Grounding in South Korea and Tanzania

A dissertation presented

By

Frederick Agyeman-Duah

to

The School of Public Policy and Urban Affairs

In partial fulfillment of the requirements for the degree of
Doctor of Philosophy

In the field of

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ORIGIN OF DEVELOPMENT POLICY AND THE EFFECT ON ECONOMIC GROWTH: A PROPOSED THEORY WITH HISTORICAL GROUNDING IN SOUTH KOREA AND TANZANIA

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ABSTRACT OF DISSERTATION

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Abstract

In the 1960s, South Korea, like Tanzania, was one of the poorest countries in the world. By the late 1980s and early 1990s, South Korea was one of the richest countries in the world, a turnaround that was marked by South Korea gaining entry in 1996 as the 29th member of the Organization for Economic Cooperation and Development – a group of the world’s richest countries. Tanzania, meanwhile, remains economically underdeveloped and the country’s level of human development remains among the lowest in the world. The successful transformation of South Korea’s political economy resulted in strong advocacy for broad application of the South Korean “model” of economic development in Sub-Saharan Africa, with prescriptions generally focused on the role played by culture, export-led growth, and “sound macroeconomic policies” in the South Korean experience. In this dissertation, I posit that the combination of policy choices notwithstanding, policy origins – operationalized as the internal or external source of a particular policy – may have played an important role in South Korea’s economic development process, and that this dynamic is worthy of consideration with respect to economic development in Sub-Saharan Africa. I explore this hypothesis through case studies of South Korea and Tanzania. I establish and define four criteria for evaluating policy origins, and conclude that while economic development experiences of the two countries do not offer irrefutable support of my proposed theory, they suggest the existence of a relationship between policy origins and economic development. I outline recommendations for further research on the effect of policy origins on economic development.
Acknowledgments

To members of my Dissertation Committee, thank for all that you did to strengthen this project. Your interest, insights, and feedback have been tremendously helpful in shaping this dissertation (though I maintain sole responsibility for all foibles and errors). I am particularly grateful to Dr. Alan Clayton-Matthews for not only serving as Chair of the Committee, but also for his support and encouragement without which completion of this project would not have been possible. To Dr. Kwamina Panford, thank you for serving as a reader and for the critical conversation and feedback. Your interest in, and passion for the subject of policy origins were helpful in refining my thoughts and concepts. To Dr. Neenah Estrella-Luna, thank you for being part of this project from inception to completion. Your commitment as well as recommendations, questions, and insights were extremely valuable. To my mother, Abena Boggs, whose strength and courage is beyond belief. To my dearest daughter, Nyla, whose bright eyes remind me every day of what is possible. May you grow to inherit a world that is as kind and gentle as your heart. This project is dedicated to the people of Sub-Saharan Africa, whose dreams and aspirations gave birth to the conceptualization of policy origins and sustained my will to finish this project.
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<td>ODA</td>
<td>Official Development Assistance</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>UNECA</td>
<td>United Nations Economic Commission on Africa</td>
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<td>ISI</td>
<td>Import Substitution Industrialization</td>
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<td>SAP</td>
<td>Structural Adjustment Program</td>
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<tr>
<td>CDF</td>
<td>Comprehensive Development Framework</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<tr>
<td>CAS</td>
<td>Country Assistance Strategy</td>
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<tr>
<td>CPF</td>
<td>Comprehensive Partnership Framework</td>
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<tr>
<td>CPS</td>
<td>Country Partnership Strategy</td>
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<tr>
<td>CSDP</td>
<td>Country Specific Development Plan</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>GNP</td>
<td>Gross National Product</td>
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<td>AfDB</td>
<td>African Development Bank</td>
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<td>NGO</td>
<td>Nongovernmental Organization</td>
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<td>NEPAD</td>
<td>New Economic Partnership for African Development</td>
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<td>NIEO</td>
<td>New International Economic Order</td>
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<td>OPEC</td>
<td>Organization of Petroleum Exporting Countries</td>
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<tr>
<td>Acronym</td>
<td>Definition</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>OAU</td>
<td>Organization of African Unity</td>
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<tr>
<td>LPA</td>
<td>Lagos Plan of Action</td>
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<td>APPER</td>
<td>Africa's Priority Program for Economic Recovery</td>
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<td>ELG</td>
<td>Export-led Growth</td>
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<td>MNC</td>
<td>Multinational Corporation</td>
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<td>HIPC</td>
<td>Heavily Indebted Poor Country</td>
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<td>MDR</td>
<td>Multilateral Debt Relief</td>
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<td>AGOA</td>
<td>Africa Growth Opportunity Act</td>
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<td>EPB</td>
<td>Economic Planning Board</td>
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<td>KDI</td>
<td>Korean Development Institute</td>
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<td>CIA</td>
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<td>UNKRA</td>
<td>United Nations Korea Reconstruction Agency</td>
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<tr>
<td>GNI</td>
<td>Gross National Income</td>
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<td>TAA</td>
<td>Tanganyika African Association</td>
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<td>Tanganyika African National Union</td>
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<td>NEC</td>
<td>National Executive Council</td>
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<td>CC</td>
<td>Central Committee</td>
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<td>MP</td>
<td>Member of Parliament</td>
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Chapter 1: Introduction
1.1: Background and Context

The economic crisis [in Africa] is becoming a political crisis. Is change possible?
Paul M. Lubeck (1992)

Since 1960, more than $835 billion in Official Development Assistance (ODA) has been dedicated to transforming the political economy of countries in Sub-Saharan Africa.¹ The total value of aid flows to Sub-Saharan Africa increases exponentially when bilateral and multilateral assistance are considered.² Despite the staggering flow of funds and other resources, Sub-Saharan Africa remains one of the poorest regions in the world. The seeming inability of Sub-Saharan Africa to achieve sustainable socioeconomic progress, despite vast resource endowments and concerted effort by local governments and the international community, makes the Sub-Saharan Africa one of the enduring and perplexing phenomena in development economics.

¹ In accordance with the United Nations Statistical Division’s (UNSD) classification of geographic regions, the development literature generally distinguishes between African countries north and south of the Sahel or Sahara desert (United Nations Statistical Division (2013)). Within Sub-Saharan Africa, South Africa is often treated as an exception in that while South Africa experienced colonialism like most Sub-Saharan African countries, the political and economic institutions that emerged as a result placed South Africa in a unique position with respect to economic development (Waugh (2000)), and World Bank (2011) classifies South Africa as a middle-income country. Since this status precludes a meaningful comparative analysis of South Africa and the rest of Sub-Saharan Africa, I apply the South African exception to this dissertation.

² Although ODA may be packaged to include loans to the recipient country, OECD regulations require that at least 25% of the ODA must be in the form of grants which the recipient country will not be obligated to repay. ODA measures only flows from member countries, thus it is possible for a country to receive other forms of assistance from countries that are not associated with the OECD. In the case of Africa, this possibility significantly increases the overall amount of aid that has gone to Africa since the 1960s.
When Sub-Saharan African countries gained independence *en masse* in the mid-1960s, nearly all the newly sovereign governments implemented some type of economic development program to help “modernize their mostly agrarian economies and reduce dependence on the former colonial powers” (Newman et al. 2016; see also Killick 2015). Although short-lived, industrialization efforts in Sub-Saharan Africa did produce meaningful results:

Between 1965 and 1970 manufacturing output grew at more than 7 percent per year in all countries. … In Ethiopia and Ghana, manufacturing grew at more than 8 percent and in Tanzania and Uganda, at nearly 10 percent per year. As early as 1970, however, the industrialization drive was beginning to lose steam in some countries, and by 1975 growth of the manufacturing sector had begun to lag total output growth in Ghana, Senegal, and Tanzania. Kenya and Nigeria, in contrast, maintained robust manufacturing growth through the 1970s (Newman et al 2016).

But as economic performance across the sub-continent began to deteriorate in the 1970s – mostly as a result of dynamics in the international policy economy, the subject of sustainable economic development in Sub-Saharan Africa came to dominate the agenda of organizations such as the World Bank, International Monetary Fund (IMF), and the United Nations (UN). Policy
prescriptions that evolved from these organizations generally focused on addressing Sub-Saharan Africa’s declining terms of trade, heavy external debt, and other structural challenges. By the late 1970s, these organizations had become synonymous with economic development in Sub-Saharan Africa (Carmody 1998). Along these lines, in 1981, the World Bank commissioned a report that changed the paradigm for how economic development is pursued on Sub-Saharan Africa.

In *Accelerated Growth in Sub-Saharan Africa: An Agenda for Action* (World Bank 1981), the World Bank argued that successful transformation of underdeveloped economies require a shift from addressing the “basic needs” of people through government programs, to a focus on (free) markets as facilitators of economic development. Basic ideas of the World Bank’s approach were informed by neoliberalism, an economic discipline that sees markets rather than government as primary drivers of economic activity and by extension, economic development. In this regard, *Agenda for Action* encouraged governments in Sub-Saharan Africa to liberalize and de-regulate their economies in order to attract foreign direct investment (FDI). As the leading authority and financier of development projects in Sub-Saharan Africa, fundamental concepts of *Agenda for Action* were hardly challenged; it took more than two years for the World Bank’s approach and ideas to receive critical evaluation. In 1991, for example, the United Nations Economic Commission on Africa (UNECA) issued a report that criticized basic assumptions as well as performance of *Agenda for Action*. UNECA’s report primarily questioned initial performance of *Agenda for Action* in Sub-Saharan by noting that the World Bank’s evaluation metrics were self-serving and were designed to produce results that reaffirmed the Bank’s political biases. In

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3 In the 1970s, development theorists and practitioners alike believed that economic development programs should focus on address people’s “basic needs.” The International Labor Organization defined basic needs as “the minimum level [of material necessities of life] considered socially tolerable,” and the focus on meeting these minimum levels dominated development policy and practice. For further reading, see Rimmer (1981).

forwarding its claims however, UNECA failed to evaluate and question Agenda for Action’s focus on neoliberalism and whether core principles of the framework were conceptually viable for the pursuit of economic development in Sub-Saharan Africa. Consequently, observers such as Lubeck (1992) characterized UNECA’s report and critique as simply an attempt by the United Nations to jostle for position and influence in the Sub-Saharan Africa economic development space.

That the basic ideas of neoliberalism were implemented across Sub-Saharan Africa without critical review is significant for several reasons. First, as broadly documented in the development literature, subsequent analyses suggest that neoliberalism undermined the ability of Sub-Saharan African governments to establish and consolidate structures that are necessary for sustaining a mature, well-functioning, free market economy. Second, and relatedly, neoliberalism prematurely exposed vulnerable and embryonic domestic industries to foreign competition. Third, neoliberalism’s broader interpretation of the international division of labor established barriers around the ability of countries in Sub-Saharan Africa to generate value from their natural resources. Finally, neoliberalism’s restriction on use of protectionism as a development strategy significantly weakened industries in Sub-Saharan Africa mainly due to foreign competition. Indeed, I will argue that countries in Sub-Saharan Africa are yet to recover from this vulnerability and that underlying concepts of the framework may play a role in the persistent inability of Sun-Saharan African countries to establish self-sustained economies and achieve sustainable economic development. To understand this assertion, it is important some basic economic ideas in an effort to better frame the context for this dissertation.
Fundamental principles of neoliberalism are rooted in the classical economic theories of Adam Smith and David Ricardo,\(^5\) whose works remain foundational to our understanding of economic behavior both at the individual and national level. And, while there have been many influential economists since,\(^6\) subsequent principles of economics are either derivatives or permutations of Smith’s original ideas.\(^7\)

In *An Inquiry into the Nature and Causes of the Wealth of Nations* ("The Wealth of Nations") Adam Smith outlines with clarity factors that influence the generation of national wealth or economic growth. Smith thought of economic growth as the outcome of the interaction between three factors of production (labor, capital, and land). When application of these factors in economic activity is optimized, productivity increases and individuals are able to produce more than what is required to sustain their family. This results in a surplus of products within the economic system. The value of surplus production to Smith’s theory was that it allowed the individual to exchange it for goods and services that he cannot produce efficiently. Two important concepts that emerged from Smith’s theory were notions of specialization and its attendant benefits of efficiency, and trade. The combination of these factors is what gave rise to Adam Smith’s concept of comparative advantage – the idea that by focusing on that which the individual is more efficient at producing, surplus value increases and the individual can augment his standards of living by exchanging the surplus value from the efficient use of his factors of production for goods and services produced (efficiently) by others.

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\(^5\) For a complete account of David Ricardo’s theories of economic development, see Ricardo (1817).

\(^6\) See, for example, Keynes (1936); Friedman (1962); Coase (1960).

\(^7\) McCloskey (1998) makes this point quite succinctly in her analysis of Ronald Coase’s theory on low transaction costs and property rights.
Smith did not limit the application of his theory to economic activities of individuals. Rather, he saw the model as the process through which countries develop economically and achieve wealth. Smith established that when countries are able to produce goods more cheaply, they generate surpluses which they can then trade or exchange with other countries. For Smith, therefore, trade is the primary vehicle through which countries experience economic growth. This elemental assumption is sustained only by acknowledging that 1) division of labor is essential to market economies since it is what drives efficiencies that allow countries to produce surplus goods; and 2) at the national level, the division of labor is synonymous with comparative advantage. That is, just as individuals realize that they can increase their stock of goods by focusing on a particular skill and exchanging the product of that skill or labor for that which they are less skillful at producing, so too can countries generate wealth when they focus on producing and exchanging specific commodities in the global market.

According to D. D. Raphael (1991), Adam Smith wrote *The Wealth of Nations* at a time when “[the] prominent European states all had overseas colonies, which they treated as a prime market for exports and a source of raw materials. They tended to forbid their colonies from engaging in manufacture or to trade with European states other than their mother country.” For Smith, this approach to organizing economic activity at the national level was limiting since it reflected protectionism or the use of certain policy tools to limit access to domestic markets. There were two conditions, however, under which protectionism was justified in Smith’s framework: 1) when the import of goods and services lead to unfavorable terms of trade for the domestic country; and 2) when the goods of interest can be efficiently produced by industries in the domestic country (import substitution, in other words). For Smith, mediation of these two conditions and participation in trade was a function of the domestic government. Government
intervention in the domestic economy, Smith recognized, was acceptable if the aim is to assure favorable terms of trade for the domestic economy.

Between 1960 and 1980, virtually all countries in Sub-Saharan Africa embarked on efforts to modernize their economies, mainly in response to the effects of colonialism on Sub-Saharan Africa’s political economy (Hyden 1983). As part of this process, governments in Sub-Saharan Africa sought to transform their economies from colonial policies that emphasized agricultural production as the comparative advantage (due to their abundance), to an economic system in which industry played a significant role in the generation of national wealth. Consequently, governments across Sub-Saharan Africa heavily invested in industries they believed would ultimately support efficient domestic production of certain goods. This strategy was also supplemented with protectionist policies in an effort to mitigate the disruptive effects of foreign competition. Additionally, respective governments were actively involved in managing the economy – from providing and directing investments, to the identification of specific industries that should be prioritized in the development strategy (Hyden 1983). However, these projects and development strategies were halted once Agenda for Action was implemented.

Upon reflection, the dynamic relationship between Sub-Saharan African countries and the international community, exemplified by the World Bank and policy choices within Agenda for Action, provoke critical questions with respect to historical and prospective aspects of Sub-

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8 I discuss modernization theory at length in chapter 2.
9 In the immediate post-independence era, economic development approaches in Sub-Saharan Africa, especially those that were conceptualized by domestic governments, relied heavily on Marxist concepts of society and political economy. The eventual juxtaposition of capitalism and socialism and the ultimate triumph of the former in a global sense have also played a key role in the discourse of Sub-Saharan Africa’s economic development. For further reading, see Hyden (1983).
Saharan Africa’s economic development. By actively intervening in the economy in the immediate postcolonial period, did governments in Sub-Saharan Africa violate generally accepted economic principles? Would the narrative on Sub-Saharan Africa be different had these countries been able to complete implementation of the development strategies they pursued in the 1960s and 1970s? How should neoliberalism, as the theoretical foundation for the prevailing economic development paradigm be judged? In other words, to what extent can underlying principles of neoliberalism be held accountable for Sub-Saharan Africa’s persistent economic development challenges?

I will affirmatively posit that the economic behavior of governments in Sub-Saharan Africa in the immediate postcolonial period was consistent with, rather than contradictory to basic principles of classical economic theory. Now, the extent to which this alignment would have alleviated Sub-Saharan Africa’s development concerns is another question and a subject better answered through conjecture.\(^\text{10}\) In my opinion, governments in postcolonial Sub-Saharan Africa modified rather than circumvent classical theories of economic development, and such paradigmatic modifications were necessary given critical challenges and deficits that existed in Sub-Saharan Africa’s political economy at the time. There is broad consensus within the literature that creating conditions to facilitate the development of domestic economies was not a focus of colonizing states. To the contrary, in the case of Sub-Saharan Africa where natural resources were abundant, colonizers sought to extract from domestic economies resources that were required inputs for economic activity in the home country.\(^\text{11}\) If we accept such conclusions as truths, then in practice, the propensity of governments in Sub-Saharan Africa to modify

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\(^\text{10}\) Hyden (1983) takes on this challenge quite successfully.

\(^\text{11}\) See, for example Hyden (1983); Leys (1975); and Swainson (1980)
certain economic principles makes sense. These principles are laid out by Adam Smith in his opening to *The Wealth of Nations*:

> The annual labor of every nation is the fund which originally supplies it with all the necessaries and conveniences of life which it annually consumes, and which consist always either in the immediate produce of that labor, or in what is purchased with that produce from other nations. According therefore as this produce, or what is purchased with it, bears a greater or smaller proportion to the number of those who are to consume it, the nation will be better or worse supplied with all the necessaries and conveniences for which it has occasion. But this proportion must in every nation be regulated by two different circumstances; first, *by the skill, dexterity, and judgment with which its labor is generally applied*; and, secondly, *by the proportion between the number of those who are employed in useful labor, and that of those who are not so employed.*

(Smith 1991; emphasis added)

Concepts of “skill, dexterity, and judgment” are important because not only do they form the basis for efficient production, but they also suggest knowledge acquisition. In other words, the division of labor allows one to be skilled at a particular economic activity, which in turn facilitates one’s ability to perform that activity with “ease.” And, as the combination of skill and dexterity increases over time, the individual will be positioned to make sound judgments about the economic activity of interest. It is clear from the above that Smith postulations were based on his observations of mature rather than crude or evolving economies. Smith acknowledges as much when he notes that his treatment of economic principles concerns economies that are at a stage where they can “purchase from other nations,” even though all labor, including that of the

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12 I use the term maturing here to suggest that the economic structures that shaped Smith’s analysis, while more advanced than those of “savage nations,” may be considered less advanced in comparison to modern-day Western economies. More importantly, I do not believe that there is a definite point at which economies can be considered fully mature. In fact, this was a point of departure for David Ricardo who, unlike Smith, saw a point at which economies come to a standstill. Unlike Ricardo, however, I do not believe the trajectory of economic development is that absolute. Rather, I believe economic systems are subject to constant evolution if not in their fundamental structures, then at least in the way they operate in the context of social aspirations. While there is yet to be an articulated theory as to what the next “stage” of economic organization will look like, I am hesitant to ascribe any sense of finality to the process of economic development.
“savage hunter and fisher” is useful. But, realizing that not all economies resembled the industrial markets of Western Europe, Smith established an evolutionary process that allows for an economy to move from a state of relative underdevelopment, to an advanced economy. In the latter case, “civilized society depends on a network of co-operation that is neither planned nor directed by political power. [Rather, it] grows spontaneously from tendencies of human nature” (Raphael 1991; emphasis added). The challenge with this view of the economic development process, however, is that it leaves unanswered the question of how societies that are neither of the “savage” nor “civilized” type can successfully achieve economic development. That is, in this case, does the transition towards economic development occur “spontaneously” or does intervention become a necessary method of nudging the economy towards the next stage on its evolutionary trajectory? For Adam Smith and classical economic theory, economic expansion was the result of “… [the] private interests and prejudices of particular orders of men” that allows for production “so great that all are often abundantly supplied, and a workman, even of the lowest and poorest order…may enjoy a greater share of the necessaries and conveniences of life than it is possible for any savage to acquire” (Smith 1991; emphasis added).

The import of this principle to Smith’s theoretical postulation cannot be overstated, given the critical role that the concept of “private interests” has played in shaping Western capitalist economic systems in general, and neoliberal and other permutations of economic theory in

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13 This framing would seem to contradict the earlier assertion that Adam Smith saw role for government in the performance of economic systems, especially when it comes to allowance for protectionism. The difference between the role of political authority, in the context of the evolutionary nature of economic development and the facilitation of economic activity is that in the former context, there is the suggestion that governments cannot “create” markets. However, when the interests of individuals within the society lead to the creation of markets, there is a role for the government in terms of resource allocation – subject to the conditions for applying protectionism.

14 Like Adam Smith, Karl Marx (1967), whose theories on political economy significantly influenced development planning in Sub-Saharan Africa in the postcolonial period; also saw the economic development process as evolutionary.
The pursuit of privatization and the emphasis on market liberalization in Sub-Saharan Africa during the immediate postcolonial period – and as galvanized in the World Bank’s Agenda for Action – is a result of such conceptualizations. In the immediate postcolonial environment, however, Sub-Saharan African countries faced challenges not only in terms of possessing a labor with the “skill, dexterity, and judgment” to produce efficiently, but also relative to the stock of “a particular order of men” whose “private interests and prejudices” could facilitate economic transition.

By the time colonialism ended in Sub-Saharan Africa, respective economies were primarily agricultural (Bates 1981; Adedeji 1981). In other words – and relative to Smith’s framing of the primordial state (or the savage nation) – the general political economy of Sub-Saharan Africa at independence was a bit more advanced than that of the “savage nation of hunters and fishers.” Certainly this was still a common feature in the sub-continent’s economic system – especially in rural areas, but the colonial focus on expanding agricultural production in order to turn domestic economies into exporters of cash crops, had led to a fundamental restructuring of economic activity across the subcontinent. By the early 1920s, manufacturing – mostly to prepare cash crops such as cotton and coffee – was a common feature of Sub-Saharan Africa’s political economy (Mendez et al 2014). Moreover, and as was the case in Kenya, Cote d’Ivoire, and Tanzania, agricultural production had been organized around a “peasant class” of farmers (Ibhawoh and Dibua 2003). Thus, while individual farming remained as the primary feature of

15 A good example of such theoretical modification is the economic theory of John Maynard Keynes (1936). In The General Theory of Employment, Interest, and Money, Keynes expanded on classical economic theory by introducing a focus on income distribution, arguing that active management of the level of aggregate demand (via monetary and fiscal policy) is critical to determining employment outcomes and by extension, economic development. Even though neoliberalism attacked and eventually supplanted Keynesian economics (Palley 2005), it is evident that the core tenets of neoliberalism, as with Keynesianism, are built on classical economics.
economic activity, through colonialism, Sub-Saharan Africa’s political economy had been organized and structured with a goal towards expanded productivity.16

In Sub-Saharan Africa’s immediate postcolonial period, the need to understand what the appropriate starting point for organizing economic development should be was no longer relevant. In other words, as a result of the colonial restructuring of Sub-Saharan Africa’s political economy, the question of how organized economies emerge in the first instance (which Smith characterized as a spontaneous process) was not the concern. Rather, the question became one of how existing economies in Sub-Saharan Africa, which straddled the space between “savage” and “civilized” economies, could be expanded to improve socioeconomic conditions across the sub-continent. For leaders in newly independent Sub-Saharan African countries, the answer (and against the development experience of the Western countries)17 was to move from the agriculture based economies established under colonialism, to economic systems based on industry.18 Import-substitution industrialization (ISI) – the practice of increasing the capacity of domestic firms to produce for local consumption goods that are typically imported – became the preferred strategy for addressing this challenge (Ratsimbaharison 2003).19 In pursuing this strategy, however, it became necessary for the newly independent governments to lead and direct industrial activity since a “private sector” was non-existent in Sub-Saharan Africa’s immediate postcolonial landscape (Ndulu and Mutailemwa 2002).

16 The question of whether the mode of organization was ideal for Sub-Saharan Africa is not what is being presented here.
17 The tendency of underdeveloped societies to set their economic development goals and objectives with economic performance of the advanced capitalist societies is extensively treated in Gerschenkron (1992).
18 As I demonstrate in chapter 5, Tanzania, under Julius Nyerere, was an exception to this trend. Nyerere adopted the colonial mode of economic organization that focused on expanded agricultural production, marginalizing the pursuit of expanded industrial activity in the process.
19 According to Cypher and Dietz (2009), with the exception of Great Britain, virtually all “subsequent successful attempts by nations to modernize have involved elements of [ISI].”
As part of their ISI strategy, Sub-Saharan African governments employed protectionist measures such as export and import quotas in an effort to control and manage the influence of foreign firms, as they tried to create and nurture a domestic industrial sector. From this perspective, it can be forwarded that the economic behavior of leaders in Sub-Saharan Africa was consistent with classical economic theory, which makes allowance for protectionism under certain conditions. As Sub-Saharan African countries transitioned from the era of independence (1960s) through the age of ISI (1970s) and headed towards the 1980s, the influence of neoliberal economic theory development economics, with its emphasis on limited to no government intervention in economic activity as well denouncement of protectionism as appropriate strategies for economic development, would strengthen. Consequently, Sub-Saharan African countries were caught in a theater where their preferred strategies for pursuing economic development, which were informed by classical economic theory, conflicted with the emerging thought of neoliberal economics.20

Grounded in the works of economists such as Milton Friedman (1962), George Stigler (1966), and Ronald Coase (1960), neoliberalism is “a conservative economic philosophy…which emphasizes the efficiency of market competition, the role of individuals in determining economic outcomes, and distortions associated with government intervention and regulation of...

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20 It is important to note that this ‘conflict’ was more about the role of government in economic activity. Neoliberalism, which did not explicitly argue against the pursuit of industry in Sub-Saharan Africa (although in some cases countries were advised to focus on agriculture – see chapter 5) argued that private entities rather than government presented the better option for achieving any such ends. While Sub-Saharan African leaders did not disagree with this position (Cypher and Dietz 2009), the practical concern was that without a domestic private sector to lead development of the industrial sector, accepting the underlying principles of neoliberalism meant open Sub-Saharan Africa to multinational corporations of the West, which they were concerned would lead to recolonization of the sub-continent. The interesting question here is what would have happened to the industrial sector in Sub-Saharan Africa if governments had been able to successfully carry out their plans. Would government had continued to maintain ownership of the industrial sector, or would (domestic) private interests have had the opportunity to takeover and lead the industrial sector?
markets” (Palley 2005). The two central tenets of neoliberalism involve a focus on market efficiency – the notion that capital and labor “get paid what they are worth” by way of supply and demand, and a belief that “free markets will not let valuable factors of production, including labor” go to waste. From these, neoliberalism asserts that not only will “prices adjust to ensure that demand is forthcoming and that all factors [of production] are employed,” but – and perhaps more importantly, “economies automatically self-adjust” in response to changing market dynamics (Palley 2005).

The proliferation of neoliberal ideology in development economics coincided with two societal changes in the United States, according to Palley (2005). First, “[Rising] prosperity…may have endangered beliefs that the core economic problems of income distribution and mass unemployment had finally been solved. As a result, U.S. citizens may gradually have come to view as dispensable the very policies and institutions…that had brought about their now-presupposed prosperity.” In other words, ideas and institutions which formed the basis of the capitalist system was considered to be proven and not susceptible to transposition, therefore there was a general orientation towards forwarding the system and its underlying principles as an ideal model for economic development. The second influential event concerned America’s “radical individualism” as promoted during the Cold War and “which fostered antipathy to notions of collective economic action” and denial of the limitations of market capitalism. The Cold War, according to Palley, provided fertile ground for the United States to popularize an economic rhetoric that spoke of “natural free markets independent of governments and in which government regulation reduces well-being” (emphases added). In this regard, neoliberalism did not necessarily supplant classical economic theory. It simply removed elements such as

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21 In other words, socialist economic ideology
protectionism and government intervention which, under classical economic theory, allowed for the nurture of infant industries once the economy is in the initial stages of its evolution. With the United States emerging as victors of the Cold War, neoliberalism, as a framework for pursuing economic development, subsequently spread across Sub-Saharan Africa and the rest of the developing world through the administrations of Ronald Reagan in the United States and Margaret Thatcher in Great Britain.\textsuperscript{22}

With respect to Sub-Saharan Africa, neoliberal principles were actualized at the beginning of 1980s through implementation of the World Bank’s \textit{Agenda for Action}. At its core, the \textit{Agenda} sought to remove barriers to competition and government manipulation of market prices (a common feature of development strategies in Sub-Saharan Africa’s immediate postcolonial environment); and 2) reduce government intervention in the economy. This latter objective effectively neutralized the ability of Sub-Saharan African governments to subsidize the growth of industry as well sectors within the economy. The cumulative effect of the \textit{Agenda}’s policy objectives on Sub-Saharan Africa was a halting of the various ISI-based development strategies that proliferated across the sub-continent in the 1970s. As a replacement for ISI strategy, the \textit{Agenda} advocated for increased exports as the focal point of Sub-Saharan Africa’s development strategy (Bajpai 1990). The challenge with this recommendation, however, was that because Sub-Saharan African countries had limited industrial capacity, export of raw materials (including extractive commodities and cash crops) was the only viable route to fulfilling the \textit{Agenda}’s

\textsuperscript{22} That the United States succeeded in spreading neoliberal ideology around the world is quite interesting. According to Palley (2005), application of neoliberal policies led to “massive layoffs in developed countries, pushing unemployment rates to their highest levels since the Great Depression [and] precipitating a sharp rise in global real interest rates, and introducing significant financial market volatility.” For further reading on the shortcomings of neoliberalism, see Przeworski (1992).
policy objectives (Tafirenyika 2016). To be fair, the reliance on export of agricultural products was not entirely a neoliberal preference. As Ratismbaharison (2003) has shown, during the 1980s, African representatives within the United Nations saw the agricultural sector as “the core” and “corner-stone” of any development framework proposed for consideration by the UN General Assembly. In sum, the collection of policy and development initiatives that evolved from the World Bank’s *Agenda for Action* provided a basis for the Structural Adjustment Programs (SAP) that dominated economic development in Sub-Saharan Africa between 1980 and the late 1990s.

Overall, SAPs are considered to have set Sub-Saharan Africa back with respect to the pursuit of economic development. This conclusion stems from the perspective that by removing government from the development process, there was no mechanism to perform functions that were critical to socioeconomic development, including provision of healthcare and education. While Sub-Saharan African countries were balancing their own visions of economic development with those of the international community, countries in East Asia, including South Korea and Hong Kong, were recording significant and impressive levels of economic development. Consequently, East Asian “models” for pursuing economic development were held

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23 As the case study of South Korea presented in chapter 4 shows, export of products generated from light industrial manufacturing could have played an important role in Sub-Saharan Africa’s development strategy, even within the policy framework of the *Agenda for Action*. Leaders across the sub-continent, however, did not consider such a strategy in their development planning until much later in the 1980s and early 1990s, when economic development successes in South Korea and other countries in East Asia were promoted by the World Bank as exemplary models for Sub-Saharan Africa. It is worth noting that *Agenda for Action* did not prescribe specific development strategies or projects. Rather, the document provided a broad framework within which Sub-Saharan African leaders were expected to craft and shape their economic development policies. Considerations of light industrial manufacturing as a development strategy, would have to evolve from the leaders themselves. Given the overall policy focus of the *Agenda* however, it is questionable if any such proposals would have been funded. For further reading on this aspect of the debate, see Hallam (2003) and World Bank (2016).

24 For a review of the socioeconomic impact of SAPs, see Crisp and Kelly (1999); Abouharb and Cingranelli (2006).

25 Analyses and critiques of SAPs can be found in the works of Ponte (1995); Collier (1991); Sandbrook (1995); Logan and Mengisteab (1993); Hoogvelt et al (1992); Crawford and Abdulai (2009); Onwuka (2006); Toussaint (2008); and Newman et al. (2016).
up as standards for Sub-Saharan African countries (Huntington 2000). In proposing the East Asian approach to economic development for Sub-Saharan Africa, however, essential features of the “model” were ignored. For example – and contrary to neoliberal principles – governments in East Asia were heavily involved in the pursuit of economic development, performing functions such as identifying and directing resources to specific industries and sectors of the economy. Additionally, most of these governments were authoritarian regimes that significantly employed protectionist measures in their economic development schemes. Also, majority of these countries – including South Korea – did not practice free market economics exclusively. In other words, ISI played a central role in the economic development framework of these countries, many of whom did not open their markets to foreign competition until much later in the 1990s (Page 1994; Rodrik 2012; Sharma 2003; Chow and Gill 2000). In fact, the strength of domestic industries in East Asia has been credited with how countries in the region were able to speedily recover from significant market shocks in the 1990s.26 By the late 1990s and entering the period 2000, it remained clear that neither SAPs nor the East Asian model of economic development had been effective at helping address Sub-Saharan Africa’s economic development challenges.

An influx of theories emerged within the literature in effort to explain why East Asian countries were successful in their pursuit of economic development while Sub-Saharan African countries continue to fail. In addition to economic-specific reasons for the divergence in performance outcomes (Stiglitz 1996; Chang 2015) some analysts saw the issue as a matter of cultural

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differences. For example, in reacting to economic explanations for the differences between Sub Saharan Africa and East Asia, Ntibagirirwa (2009) wrote:

[The] economic success of [East Asia] on the one hand and the failure of economic development in sub-Saharan Africa on the other, are increasingly proving that the ‘economic’ argument [of neoliberalism] cannot be taken dogmatically; self-interest and rationality do not seem to be the sufficient explanations for economic development. *One other avenue to be taken seriously is the link between cultural values and economic development…* people’s cultural beliefs and values are crucial for economic development. Economic growth and development need to be a substantiation of a people’s beliefs and values.

(In-text quotation in original; emphasis added)

Kwon (2011) made the cultural determinism argument more explicit by arguing that “Confucian [concepts] of thriftiness, work ethic, and educational zeal,” more than the quality of policies themselves, explains the particular level of economic development success in South Korea. For Kwon, the link between culture and economic development is so strong that it was necessary to be concerned with an erosion of traditional South Korean values due to an increase in foreign participants in South Korea’s economy.

Whether evaluating the challenge of economic development in Sub-Saharan Africa from a social, economic, or political perspective, research questions are often framed around three broad and related poles. First is an interest in understanding *root causes of Sub-Saharan Africa’s seeming inability to achieve meaningful and sustainable economic development.* In this regard, Sub-Saharan Africa’s experience with colonialism is often cited as critical factor in explaining the sub-continent’s modern history, including challenges related to economic development. For example, Frederick Cooper (2002) has argued that the practice and ending of colonialism created

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27 See, for example, Etounga-Manguelle (2000); Easterly and Levine (1997); Acemoglu et al (2001).
political and power vacuums that were ultimately filled by elites seeking to maximize their interests. This, Cooper continues, is what underlies the persistence of behaviors such as clientelism, cronyism, corruption, and rent-seeking, all of which are considered to have adverse effects on the pursuit of economic development (Keefer 2007; Mauro 1995).

As an extension of the colonialism optic, the second analytic framework for investigating the issue of economic development in Sub-Saharan Africa focuses on the role that formal political, economic, and social institutions29 play in the pursuit of economic development. With respect to Sub-Saharan Africa, the works of Claude Ake have been particularly insightful in this regard.30 From an economic standpoint, the role of institutions in addressing issues such as capital formation and terms of trade have been explored in De Soto (2003) and Christiensen et al (2003). The third type of research on economic development in Sub-Saharan Africa generally focuses on theoretical explications, with practical recommendations coming in the form of lessons learned from other countries or contexts.31 My dissertation and research proceed within this framework.

Given dynamics of development policy making in Sub-Saharan Africa, especially in the postcolonial period, I inquire into whether the internal or external origin of a particular policy (policy origins) – regardless of the contents of that policy – play any role in the ability of countries to achieve sustainable economic development. This research interest stems from the

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28 For further reading, see also Bauer (1969).
29 Institutional Analysts argued that concept of institutions must be expanded beyond Western definitions to social structures in the form of “households, lineages, Islamic brotherhoods, or cultural associations” (Lubeck 1992). Such arguments appear to be attempts to contextualize underlying issues of economic development. As I explore in chapters 4 and 5, there is a critical question as to whether institutions that have successfully supported one political economy will be able to produce similar outcomes in a different context. Such questions are grounded in the notion that social norms play an important role in the performance of institutions, and that transported institutions tend to ignore this factor. For additional reading on Institutional Analysis, see Berry (1991) and Barnes (1986).
30 See, for example, Ake (1995).
31 Latin America and East Asia have historically being the comparative regions for Sub-Saharan Africa.
fact that in pursuing economic development, countries in East Asia consistently relied on internally sourced policies and in doing so, to make certain decisions in their development planning that were not popular within the international community, but that ultimately proved critical to the respective countries’ success stories. In Sub-Saharan Africa, on the other hand, development policies since the 1970s have consistently being externally sourced, especially as the World Bank and International Monetary Fund remain key players in development economics. Along similar lines, “globalization” – the notion that poverty alleviation requires an international approach – has steadily removed development planning from the hands of Sub-Saharan Africans. While the literature has explored virtually every aspect of economic development paradigms in pursuit of answers and solutions, the possible effect of policy origins on a country’s ability to achieve economic development remains largely unexplored.

For the most part, contemporary research into economic development in Sub-Saharan Africa has focused on “failure” of the World Bank’s Agenda for Action to achieve its stated objectives (Fourie 2011; Thomas 2002; Ponte 1995; Schatz 1996; Wacieni 1996), and the extent to which this has contributed to stagnation of Sub-Saharan African economies (Hoebink 2009; Yongo-Bure 2011). What is more, the prevailing paradigm for the pursuit of economic development in Sub-Saharan Africa unabashedly reflects neoliberal approaches to development planning, despite critical questions raised as to the approach’s viability (Vetterlein 2007; Toussaint 2008; Pender 2001; Vieux and Petras 1996; Bond 2005). For Sub-Saharan Africa, the consequence of this paradigmatic continuation is sustained reliance on externally sourced policies for economic

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32 Noorbakhsh and Paloni (2001) note that “the experience of countries in Latin America and East Asia, for example, raises a question on the extent to which the appropriateness of policy instruments may depend on country-specific conditions.” This acknowledgement notwithstanding, there is little evidence to suggest that this question has been taken up and extensively explored in the literature.

33 See, for example Niva (1999); Petras (1997); Felicio (2015); Marois and Pradella (2015); DeMartino (2000).
development planning (Adams 2001). In particular, neoliberalism’s focus on political and institutional reform as an essential aspect of the economic development process often means that reform of sociopolitical institutions must factor significantly into development planning in Sub-Saharan Africa (Barro 1999; Gerring et al 2005; Alvarez et al 2000; Bratton and Van de Walle 2000). This, in my view, raises the question of whether Sub-Saharan African countries can appropriately prioritize their economic development in a neoliberal context. Moreover, given financing needs, Sub-Saharan African countries often have no alternative but to pursue the neoliberal course as a condition for receiving development aid (Etounga-Manguelle 2000; Easterly and Levine 1997; Acemoglu et al 2001; and Carmody 1998).  

While analysts such as Easterly (2006), Sachs (2005, 2012), and Boughton and Mourmouras (2002) have criticized development approaches favored by institutions such as the World Bank and the United Nations, with respect to the state of economic development in Sub-Saharan Africa, there are no easy answers to the question of why African countries continue to rely on externally sourced policies for their economic development strategies. Ultimately, the question becomes one of policy ownership, and how fundamental aspects of this phenomenon can help shape the formulation and implementation of development policy in Sub-Saharan Africa’s quest for sustainable economic development.

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34 For a review of some of the reasons why African governments accepted structural adjustment programs, see Campbell and Loxley (1989); Nyang’oro and Shaw (1993). And, for the World Bank’s perspective on the SAP debate, see Jaycox (1989); World Bank (1995).

35 Easterly characterizes the relationship between institutions such as the World Bank and Sub-Saharan Africa as “paternalistic” and expands on Rudyard Kipling’s (1899) notion that “white man” has a moral responsibility to ensure the “civilization” and “development” of Africans. Easterly, however, rejects the idea that the World Bank and other institutions know what is best for Sub-Saharan Africans, with respect to economic development. In rejecting this idea however, Easterly sees nongovernmental organizations, rather than Sub-Saharan Africans themselves, as the ultimate arbiters of economic development on the sub-continent. The subject of paternalism and patrimonialism, in the context of economic development models in Asia and Africa, has received comparative treatment in Ishikawa (2008).
In the case of Sub-Saharan Africa, Easterly theorizes that institutions like the World Bank – whose operations have historically been tightly linked to advanced Western economies – continue to assume responsibility for the development of Sub-Saharan Africa in an attempt to address the effects and impact of colonialism on the sub-continent. John Owens (2002), however, sees the dynamics of this relationship as one driven by practical policy considerations of the Western countries that lead and fund the international development organizations. For Owens, dominant countries (or institutions) “impose” their policy preferences on their lesser counterparts within the international political economy as a way for the former set of countries to achieve their political and economic interests. But whether one subscribes to Easterly’s theoretical argument or whether one is cast in the realist mold of John Owens, what is clear is that by and large, Sub-Saharan African countries in particular and the developing world in general cannot be considered owners of their policy domains. This aspect of the economic development debate is important because Redd (2002) has empirically shown that when policy decisions are “influenced” by “external advisors,” they typically fail to yield desired outcomes.

Against this backdrop, I endeavor to expand the policy ownership and economic development debate by asking:

1. Whether there is a relationship between the external or internal origin of a development policy, and a country’s ability to achieve economic development;

2. Whether countries that employ internally sourced policies are more likely than countries that use externally sourced policies to achieve economic development;
3. If internally sourced policies are more likely to produce economic, why is this so? In other words, what aspects of internally sourced policies make them effective facilitators of economic development?

With respect to the third question, I will further argue that a country’s internal dynamics (as characterized by local norms, institutions, governance, and legal structures)\(^{36}\), when appropriately leveraged, augments the economic development possibility frontier. I articulate this latter point by establishing four criteria for evaluating and determining the internal or external origin of a particular development policy:

1. Extent of external role and influence in the policy formulation, implementation, and enforcement process; \(^{37}\)
2. Acceptability of a particular development policy to external agents;
3. Alignment of a particular policy’s goals and objectives with broad social expectations with respect to the direction of economic development; and
4. Policy continuity – the extent to which a particular policy can be implemented throughout its intended lifecycle without external or domestic interruption.

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\(^{36}\) When speaking of internal country dynamics in general, and features such as norms, institutions, and governance structure in particular, my reference is not to the “imposed” type as argued by Owens (2002). Rather, I speak of these factors in the sense of something that is organic to the domestic country and as may be informed by the traditions and collective mores and expectations of that country (what I characterize as a country’s sociopolitical assumptions in chapter 2). For example, a capitalist definition or understanding of trade predicated on the exchange of goods and services and underscored by currency may be different from a traditionalist interpretation of trade as characterized by say, a barter system. In this example, an attempt to get the traditional society to “trade” in a capitalist sense would seem to require 1) transfer of the factors that support the capitalist idea of trade to the traditional society, a process that Owens characterizes “Foreign Imposition of Domestic Institutions;” and 2) an ability by the traditional society to effectively adopt, internalize, and incorporate the capitalist structures into its barter system. In this case, institutions associated with the barter system of trade can be considered organic or internal to the traditional society, whereas the capitalist structures, as introduced into the traditional society, may be considered external, outward, or foreign.

\(^{37}\) For a thorough discussion on various elements of the policy process, see Kingdon (2003) and Stone (2000).
I provide detailed definition of the various concepts and the way in which they are operationalized in chapter 3. In establishing these parameters, I have in mind the assertion by Karp and Perloff (1995) that when social agents who are the intended consumers are not involved in the policy formulation process, they are likely to behave in ways that interfere with, rather than support effective policy implementation. And, within the literature, such behaviors have been linked to issues such as corruption, cronyism, and other actions that adversely affect the pursuit of economic development. In fact the World Bank’s recent adoption of a Comprehensive Development Framework (CDF) to provide guidelines for how countries can secure World Bank assistance for their economic development projects suggests that the dynamic interaction between external and internal agents in the policy process is not be lost on the Bank.

Exploration of the three research questions posed above will proceed in accordance with the following suppositions:

- **Supposition 1**: Countries are likely to achieve economic development when they implement effective policies

- **Supposition 2**: Effective (economic development) policies are characterized by a country’s ability to successfully formulate, implement, and enforce a particular policy (the policy process).

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39 In recent years, the World Bank, through its Comprehensive Development Framework (CDF), has to sought to make developing countries “owners” of their economic development, for example, by requiring developing countries to employ an inclusive and participatory approach producing their Poverty Reduction Strategy Papers (PRSPs), a key tool used by the World Bank and other external entities to determine funding for domestic development projects. The CDF, PRSPs, and other like mechanisms will be explored in detail over the course of the present research. For now, suffice it to say that there is a fundamental difference between policy ownership as conceptualized by this research, and policy ownership as defined by the World Bank.
• **Supposition 3**: In order for a country to implement effective policies, the policy process must reflect certain characteristics that are unique to the target society (a country’s sociopolitical assumptions).

• **Supposition 4**: Because sociopolitical assumptions are fundamental to the society’s identity, they cannot be manufactured or transposed.

• **Supposition 5**: When a set of sociopolitical assumptions are foreign to the society of interest, agents within that society are less likely to care about the success of a particular (development) policy and will behave adversarial with respect to policy goals and objectives (Karp and Perloff 1995).

• **Supposition 6**: Externally sourced policies are less likely to reflect a particular society’s sociopolitical assumptions, therefore externally sourced policies are likely to lead non-supportive or adversarial response from social agents with respect to the goals and objectives of a particular development policy.

• **Supposition 7**: Conversely, internally sourced policies are more likely to reflect a society’s sociopolitical assumptions; therefore internally sourced policies are likely to lead to supportive behaviors with respect to the goals and objectives of a particular development policy.

• **Supposition 8**: Overall countries or societies with internally sourced policy origins are more likely than countries with externally sourced policy origins to achieve and sustain economic development. This is due to dynamic influences of suppositions 6 and 7 on the policy formulation, implementation, and enforcement process.

Supposition 8, which also serves as the central thesis of this dissertation, is explored through case studies of South Korea and Tanzania. Prior to the 1980s, these two countries shared a
similar socioeconomic status. Moreover, by 1961, leaders in the respective countries explicitly pivoted from externally sourced to internally sourced development policies. While there were differences in specific strategies and systems through which economic development was pursued, the two countries were similar with respect to how their leaders thought about the role and influence of external agents, alignment of policy goals with social expectations, and policy continuity in the policy formulation process. Thus, despite their well-documented divergent outcomes, South Korea’s and Tanzania’s economic experiences during the period 1960 to 1980 provide a meaningful platform for further exploring the phenomenon of policy origins and economic development.

The rest of this research project is organized as follows. Chapter 2 provides a detailed review of the literature in an effort to establish key events and theoretical frameworks that have shaped the pursuit of economic development in Sub-Saharan Africa since the 1960s. I believe that it is by understanding this dynamic that the importance of the policy origins-economic development phenomena can be appreciated. Chapter 3 details the methodological approach used in this research. Chapter 4 presents a case study of South Korea by applying my analytic framework as well as theoretical proposition to how South Korea formulated, implemented, and enforced development policy between 1960 and 1980. A similar endeavor is undertaken for Tanzania in chapter 5, and in chapter 6, I evaluate key observations and offer recommendations for future research into the relationship between policy origins and economic development by way of conclusion.
Chapter 2: Literature Review
In what follows, I broadly examine the literature on development economics, and the methods and approaches through which economic development in Sub-Saharan Africa in particular has been pursued. A significant portion of the review is dedicated to outlining and evaluating the historiography of economic development in Sub-Saharan Africa for three reasons: 1) provide a broad historiography of Sub-Saharan Africa’s economic development as influenced by the sub-continent’s precolonial, colonial, and postcolonial experiences; 2) conduct a concentrated review of specific events within the postcolonial period since this period broadly shapes the modern structure of Sub-Saharan Africa’s political economy; and 3) outline and review the literature on economic development in East Asia since experiences from this region have also had an indelible impression on the pursuit of economic development in Sub-Saharan Africa.

It is important to note that my focus in conducting this review is not to assess the broader issue of economic development in Sub-Saharan Africa. Research on the general issue is extensively documented so any attempt to revisit the comprehensive literature will have little to no academic value. Instead, by focusing on the general timeline and delineating dominant issues and approaches within each timeline, I intend to paint a general picture of the evolution of Sub-Saharan Africa’s development challenges, and establish the framework within which I carry out my case studies of South Korea and Tanzania in furtherance of this dissertation’s theme.
2.1: A General Review of the Literature on Economic Development in Sub-Saharan Africa

Key Concepts in Development Economics and their Influence in Sub-Saharan Africa

Rodrik and Rosenzweig (2010) offer perhaps the most comprehensive review of the literature on development economics in a general. In this compendium, influential analysts such as Amartya Sen (2000, 2010) survey the literature and evaluate theoretical foundations of key concepts of development economics and the extent to which these theories have informed development strategies. The range of issues tackled includes analysis of the concept of economic development, structural reform (including a discussion on the World Bank’s highly controversial Structural Adjustment Programs), labor markets, and resource allocation. In addition, dynamics of the international system with respect to economic development and the methods through which development data and outcomes are evaluated, among other pertinent topics, also receive extensive treatment. Similarly, Tarp and Hjertholm (2000) provides documentation on the literature with respect to effects of foreign aid or official development assistance (ODA) on economic development, and offers lessons learned on how countries can strategically and effectively leverage ODA in development strategies. The combination of these resources, I believe, offers analysts and practitioners alike a streamlined resource for thoroughly understanding nuances and complexities of development economics broadly.

While the unit of analysis for the above resources is global in scope, Ndulu et al (2007) offers perhaps the most specific and extensive assessment of factors and events that have shaped historical and current approaches to economic development in Sub-Saharan Africa. Through analyses of factors such as resource availability, “geopolitical remoteness,” governance structures, “ideological formation of the political elite,” and the impact of political violence and
reform, the volume offers critical insights into how the interplay between internal and external forces have shaped economic development in Sub-Saharan Africa. The outcome of this interplay is explicitly demonstrated at the country level through 26 case studies in Ndulu et al (2015). Ultimately, the authors conclude that while Sub-Saharan Africa as a whole has made some gains in pursuing economic development, evidence suggests that a reconsideration of the strategies through which countries in the region pursue economic development may be warranted.

In the wake of the power and political vacuum that emerged in Sub-Saharan Africa following the end of colonialism, several studies emerged to provide analyses on how political factors shape the pursuit of economic development. Effects of sociopolitical factors such as democracy, political stability, and income distribution received considerable attention and the literature in this regard is ably presented and reviewed in Alesina and Perotti (1994). These sociopolitical factors, as explanatory variables for the persistence of economic underdevelopment in Sub-Saharan Africa are particularly important because analysts such as Ratsimbaharison (2003) have linked the failure of development projects in Sub-Saharan Africa to the international community’s inadequate or inappropriate accounting of such factors in planning and formulating development policies. Relatedly, Di John (2010) makes a compelling case for the “failed state” concept and its influence on the pursuit of economic development in Sub-Saharan Africa. As an extension of the failed state argument, Bardhan (1997) as well as Asiedu and Freeman (2009) provide a useful evaluation of how corruption impacts economic development prospects in Sub-Saharan Africa.

In addition to assessment of how sociopolitical factors impact economic development in Sub-Saharan Africa, the role played by economic factors in the phenomena has also been extensively
examined, and Ayogu (2007) and Kessides (1993) provide a useful documentation of the literature in this regard. Given the World Bank’s stated mission, the organization’s role in the economic development process, especially with respect to economic factors and their overall role in the economic development process, has been extensively reviewed. Easterly and Rebelo (1993) has expanded on the World Bank’s relationship with domestic governments, empirically concluding that fiscal policies are typically more effective when domestic governments, rather than the World Bank, lead the process of formulating fiscal policy. Moreover, the authors conclude that this dynamic is positively linked to the domestic government’s ability to expand the economy, especially if fiscal policy mitigates the influence of ODA in development planning.

In the broader context of economic development, this conclusion by Easterly and Rebelo has significant implications. These findings suggest that to the extent ODA helps expand the domestic economy, any reduction in the total amount of ODA typically received by the country could lead to a contraction in the domestic economy especially if ODA constitutes a significant portion of the national budget. This potentiality was actually experienced in South Korea (chapter 4) and Tanzania (chapter 5). Such occurrences lend credibility to the assertion by Raudino (2016) that an overwhelming reliance on ODA has become a barrier to the ability of Sub-Saharan African countries to produce self-sustaining economies. A useful review of the literature pertaining to domestic government capacity and the effects of ODA on Sub-Saharan Africa’s economic development prospects is available in Fosu (1999, 2015).

Given the overall interest in the economic underdevelopment of the Sub-Saharan Africa region, the literature on how the region can achieve and sustain economic development is quite voluminous. In this regard, a survey of various projects currently maintained in Sub-Saharan
Africa is documented by the African Development Bank [AfDB] (AfDB 2015). Theoretically, and as I extensively assessed in chapter 1, classical theories of economic development remain foundational to the various ideas and prescriptions that influence development planning in Sub-Saharan Africa. While iterations of classical economic thought has evolved in response to changing dynamics of the international political economy, trade and openness to trade have consistently remained the focal point of development paradigms. More importantly, the prevailing assumption is that instituting barriers to trade is bad for economic development while trade liberalization fosters growth and economic development (Dabla-Norris and Duval 2016; Lee and Swagel 1997; Madsen 2009). But, on the relationship between trade openness and economic growth, Yanikkaya (2002) finds that:

> The regression results for numerous trade intensity ratios are mostly consistent with the existing literature. However, contrary to the conventional view on the growth effects of trade barriers, our estimation results show that trade barriers are positively and, in most specifications, significantly associated with growth, especially for developing countries and they are consistent with the findings of theoretical growth and development literature” (emphasis added).

In the context of this dissertation, Yanikkaya’s findings are worthy of a second look. Removal of barriers to trade is a cornerstone of neoliberal economic principles, which in turn shapes how economic development is pursued across Sub-Saharan Africa. Additionally, the role of protectionism in the economic development experience of East Asian countries is often marginalized when juxtaposing economic development in Sub-Saharan Africa to East Asia (Glick and Moreno 1997). While protectionism runs counter to neoliberalism and the concept of free markets, the development experience of the East Asian countries, coupled with Yanikkaya’s findings, bring to the fore questions as to whether analysts have thoroughly evaluated and allowed for flexibility in how Sub-Saharan African countries pursue sustainable transformation.
of their political economy, and whether neoliberalism should still serve as the theoretical foundation of economic development in Sub-Saharan Africa.

On the former question, the extent to which governments should be allowed to actively intervene in economic activity as a way of driving economic development remains contentious. For example, some analysts have made the case for more government involvement in the pursuit of economic development, especially given the role played by this factor in the East Asian experience (Stein 2008; Tan 2005; Cohen 2015; Wright 2010). Meanwhile Chao (2000) argues that state-led development had structural deficiencies in the case of Taiwan and South Korea.

The author therefore cautions that in extracting lessons from East Asia for Sub-Saharan Africa and other underdevelopment societies, it is important to manage the degree of domestic government control over the planning process. This tension is further explored in Okeahalam and Akinboade (2003), who observes the role of government in development not only in regards to directing of resources and active management of the economy, but also in terms of how governments can manage activities of the private sector to better support implementation of development strategies. The authors’ main argument is that since private interests can clash with development goals, especially in underdeveloped societies, government intervention is often necessary in order to manage the potentially adverse actions of private interests. This theme is further explored in Ite (2004); Graham and Woods (2006); Christmann (2004); Gammeltoft et al (2010); and Blomström and Kokko (1996).

Paradoxically, while development agencies have come to see a role for domestic governments in the pursuit of economic development, the focus on political and economic decentralization remains unchanged from the era of *Agenda for Action*. The rationale for this sustained focus, in
the case of Sub-Saharan Africa, is due to “the spread of multiparty political systems [that] is creating more local voice in decision making” on the political front and market efficiency on the economic front (Ford 2000). While Ford’s assertion regarding Sub-Saharan Africa’s changing political landscape is acknowledged, the implication that this shifting dynamic is “creating more local voice in decision making” is questionable, at least in the specific context of economic development. As previously discussed, a key requirement of the World Bank’s Comprehensive Development Framework is for domestic governments to subject any proposed development plan or project to local input. The extent to which “local voice in decision making” is genuine and organic, however, has been questioned by Pender (2001), who sees the CDF as simply a revamped SAP. And while genuineness may not be a practical requirement for the implementation of a development policy, Braun and Grote (2000) have directly questioned whether the poor are truly benefactors of political and economic decentralization. At best, the push for political and economic decentralization has created a dichotomous system whereby domestic governments maintain parallel paths with respect to meeting donor obligations and fostering domestic participation in the policy making process. By extension, this duality in focus could underlie Sub-Saharan Africa’s sustained struggle to achieve economic development (Rempel 2008). Along the same lines, the emphasis on political and economic decentralization is perplexing considering the relationship between decentralization and economic growth remains tenuous at best (Seddon 2000). More specifically, Davoodi and Zou (1998) has empirically

40 One of the key principles of the New Economic Partnership for African Development (NEPAD), a document adopted by African leaders to serve as a continental development framework, makes clear that strengthening donor relationships is a key strategy for the pursuit of economic development. In this regard, it is understandable why governments across the continent may be hesitant to question frameworks such as the CDF, which requires soliciting civil society input on development strategies as a condition for receiving external assistance. For further reading on the structural challenges of NEPAD, see Bond (2005); Herbert (2004); and Kagaruki (2011)
shown that for developing countries, the relationship between decentralization and economic growth is negative.\textsuperscript{41}

Development Actors and Policy Formulation for Sub-Saharan Africa

The sharpened focus on economic underdevelopment in Sub-Saharan Africa that ushered in an era of governance reform also spurred a growth in the presence of nongovernmental organizations (NGOs) as agents of economic development. Mercer (2002) presents a broad review of the literature on the role played by NGOs and other civil society organizations from a global perspective. In contrast to private multinational firms, the presence of NGOs in Sub-Saharan Africa and across the developing world is generally seen as a positive alternative to the approach of the World Bank and other development agencies (Easterly 2006). More broadly, Bebbington et al (2008) has reviewed questions regarding the effectiveness and impact of NGO work on domestic societies. In a highly critical fashion, the volume traces origins of the NGO movement, assesses key events that shaped and consolidated the role of NGO in development economics, and against the pull of “neoliberalism, the poverty agenda in aid, [and] the new security agenda…” recommends that while the effectiveness of NGOs remains an inconclusive subject, it is premature to write-off the movement.

In the aftermath of general dissatisfaction with World Bank policies towards Sub-Saharan Africa in the 1980s and 1990s by way of SAPs, Stewart et al (1992) concludes that “current policies are in large part moving [Sub-Saharan] African economies away from long-term [economic development] goals.” The authors then argue for an alternative economic development approach that, in contrast to fiscal policy-driven frameworks of the World Bank and IMF, takes into

\textsuperscript{41} For a broader review of the literature on decentralization and economic growth, see Martinez-Vazquez and McNab (1997). More contemporary perspectives are presented in Bardhan (2002); Faguet (2004).
account “rural development, industrialization based on regional import substitution and export promotion, and development of human capabilities.” Along the same lines, Carmody (1998) and Kabuya (2011) present a useful review of “alternative development strategies” proposed in the literature in response to the dominance and performance of World Bank policies in Sub-Saharan Africa’s economic development.

Within the alternative strategies context, the concept of microfinance increasingly gained currency in the 2000s. Proponents of microfinance, echoing the assertion by Easterly (2006) that aid is more likely to be effective if given directly to intended benefactors rather than through political elites, advocated for extending small loans to rural farmers in developing countries. This approach, like preceding alternative strategies espoused in Steward et al (1992), has shown promise as a poverty-alleviation tool, although evidence regarding sustainability of the approach remains inconclusive (Morduch and Haley 2002). While advocates such as Kimenyi et al (1998) have proposed myriad strategic alternatives for improving the use of microfinance in economic development, Chowdhury (2009) has explicitly called into question whether microfinance, regardless of any resulting programmatic design modification, can in fact be a long-term instrument for the pursuit of economic development. The literature on microfinance, including assessment of key issues, impact analysis, and proposals for modifications is expertly reviewed and documented in Brau and Woller (2004).

While the above references evaluate issues of economic development at a global level, early attempts to comprehensively document economic development issues with a specific focus on Sub-Saharan Africa can be found in Hope (1997). Hope’s work emerged on the heels of the World Bank’s implementation of *Agenda for Action* in the 1980s and the UN’s heightened focus
on governance reform in the 1990s. More recently, this effort continues in Onyeiwu (2015), who explores contemporary issues related to economic development in Sub-Saharan Africa within the framework of an “African Renaissance.” Onyeiwu shows how the intractability of issues related to debt, aid, and FDI frustrate Sub-Saharan Africa’s economic development efforts, which is driving Sub-Saharan African leaders back to the regionalism and Pan Africanism of the 1960s and 1970s. Leaders across Sub-Saharan Africa confirmed this assertion when, in 2008, the African Union adopted the *Accelerated Industrial Development of Africa* framework, an initiative aimed at speeding up industrialization across Sub-Saharan Africa through regional cooperation.

Do these events suggest that history is repeating itself in Sub-Saharan Africa? In other words, will Sub-Saharan Africa’s return to a focus on regionalism and industrialization be countered in a way that is similar to how the *Agenda for Action* muted Pan African tendencies of the 1960s and 1970s? In an assessment of recent trends in Sub-Saharan Africa’s political economy, Langan (2017) argues that ODA, presence of multinational corporations, the emergence of China as key actor in the political economy of Sub-Saharan Africa, as well as the general pattern of trade between Sub-Saharan African countries and the European Union suggest a recolonization of the region. This, the author contends, is subtly strengthened through the “securitization of development” and the use of broad-based and global programs such as the UN’s Sustainable Development Goals. In sharp contrast to the general literature, Langan sees challenges of

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42 African Renaissance is the concept that Sub-Saharan African countries will ultimately experience economic, political, and scientific progress. Underlying principles of the concept are extensively discussed in Diop (2000).
43 In 2015, the United Nations adopted a new sustainable development agenda. Framed around 17 specific goals that theoretically encompass the range of development issues currently facing the global political economy. From eliminating poverty to strengthening industrial activities and fostering innovation, the Sustainable Development Goals aimed to “end poverty, protect the planet, and ensure prosperity for all” (United Nations 2015). Along the
economic development in Sub-Saharan Africa not as solely a function of the adverse behavior of “patrimonial elites” across the region, but as the result of a “neo-colonial agenda” that “in an era of free market globalization,” stymies the development strategies of Sub-Saharan African countries by “locking many poor countries into neo-colonial patterns of trade and production.” In this regard, Sub-Saharan African countries may be facing challenges and issues that reflect dynamics of the international political economy in the 1960s and 1970s. The extent to which powers and priorities within the international political economy sustain Langan’s conclusions is addressed in Baffoe-Bonnie and Khayoum (2003); Besley (2016); and Marjit and Rajeev (2014).

2.2: Review of the Historiography of Economic Development in Sub-Saharan Africa

Key Timelines and Events Affecting Economic Development in Sub-Saharan Africa

In the literature, the chronology of pivotal moments in the historical trajectory of economic development in Sub-Saharan Africa is often framed around the region’s precolonial, colonial, and postcolonial experiences. This “periodization,” to borrow a term from Rempel (2008), presents a linear model for reviewing, analyzing, and interpreting factors underlying Sub-Saharan Africa’s political economy. As Rempel points out, however, this approach to “periodization” has a tendency to categorize events broadly without taking into account nuances that may help to better define the period of interest. To address this “gap” in the historiography, Rempel proposes framing the timeline within certain principles. These include:

- The resources available for the pursuit of economic development in a particular country at a particular time;
- Access of different development actors to that country’s available resources;

same lines as Langan, Hong (2016) offers a critical review of the United Nation’s development agenda and its role in the ability of countries to achieve economic development.
• The extent to which women experience the same periods in a country’s development history, with respect to resource distribution;\textsuperscript{44}

• The level of innovation in the given country. Rempel defines innovation in this context as both technical and social, and cites the discovery of high-yielding crop variations in Zimbabwe as an example for such a consideration; and

• The role of individuals in a country’s development history, since “individuals shape” the “institutional and structural factors [that] are more significant causes of change in development theory and practice.”

While these principles provide a systematic approach to evaluating the history of economic development in Sub-Saharan Africa, they do not alter the standard timeline generally documented in the literature. Further, these principles affect the content of events within each timeline in so far as a certain principle extends or shortens a particular event across periods. Consequently, despite the methodological and systematic advantage presented by Rempel’s proposal, I will retain the timeline generally forwarded in the literature for my analysis and in doing so, will first outline the standard or traditional timeline for the history of economic development in Sub-Saharan Africa.

Green (2013) dates Sub-Saharan Africa’s precolonial experience to between 1000AD and 1800, and offers four reasons for doing so. First, this was the time period during which the Islamic conquest of North Africa was completed, “marking the beginning of the cultural, religious, and ethnic division of Africa north and south of the Sahara.” Second, this period saw the migration of

\textsuperscript{44} This principle heavily leverages Ester Boserup (1970), whose work laid the crucial foundation for evaluating the role of women in economic development. Given the unequivocal acceptance of Boserup’s ideas and concepts in the development literature, Rempel argues it is “important for any periodization effort “to start with the resources available for development…and whether women experienced the same periods of development history.”
the Bantu people from the Western part of Africa to the Eastern and Southern parts of Sub-Saharan Africa, populating parts of the sub-continent that include present day Tanzania.\textsuperscript{45} Third, Green notes that this period saw the emergence of iron tools in economic activity,\textsuperscript{46} and finally, trade routes that ultimately linked countries in Sub-Saharan Africa were established during this time period.

Analysis of the precolonial period, with respect to the history of economic development in Sub-Saharan Africa, is relatively new to the literature. As Afolayan (2015) has argued, “until the late colonial period, it was widely believed [among historians] that Africa, south of the Sahara, had no ‘civilization’ and thus no history” (in-text quotation in original). As a rejection of what was seen as a “Eurocentric and anti-African” epistemology, there emerged concerted efforts by scholars of Sub-Saharan African history to document life in precolonial African societies (Afolayan 2005; Diop 1987; Boahen 1987).\textsuperscript{47} In addition to tackling how Sub-Saharan Africa’s political economy has evolved over time, Diop (1987) also highlights the extent to which “black Africa” has influenced and contributed to Western civilization. These works, among others, are certainly influential in their ability to highlight elements of political economy that facilitate a juxtaposition of Sub-Saharan Africa’s past and present, and paint a picture of key considerations for the future of economic development in the region.

\textsuperscript{45} The Bantu migration is generally considered an important moment in African history. It is believed that this migration was instrumental to the formation of modern-day Africa, as the migrating Bantus settled, initiated the creation of kingdoms, and introduced agricultural production to replace a hunter and gatherer mode of economic life. For further reading on the Bantu migration, see Clark and Brandt (1984); Newman (1997); and Ehret (2001).

\textsuperscript{46} Schmidt (1996) offers an in-depth discussion on technology in in pre-colonial Sub-Saharan Africa, with a particular focus on the emergence and role of iron production in economic activity.

\textsuperscript{47} McCaskie (1995) presents a more localized discussion by evaluating the interplay between pre-colonial institutions in the Asante kingdom. The overarching value of analysis such as McCaskie’s to the broad literature is in the effort to construct and bring to life the historical methods of political and economic organization of a people generally deemed to be ahistorical.
The advent of colonialism, especially in terms of how the practice shaped the modern political economy of Sub-Saharan Africa is often dated between the 1870s and 1900, with colonial operations extending through the 1960s. This timeframe is particularly important because the colonial experience is by and large considered the context for Sub-Saharan Africa’s modern economic development challenges (Cooper 2002; Englebert 2000; Hopkins 1968, 2014; Agbor 2015; Adedeji 1981). As an expansion of this argument, Lovejoy (1989) has extensively reviewed the literature on how the slave trade impacted Sub-Saharan Africa, and the works of Manning (1982) and Hochschild (1999) are particularly useful for evaluating the impact of colonialism at the country-specific level. While the broad view of colonialism’s impact on Sub-Saharan Africa is generally negative, there are recent indications that a minority of analysts are beginning to highlight colonialism’s positive impact on the region. Such observers tend to stake their arguments on the introduction of “an independent judiciary, transport infrastructure [and] piped water” and access to healthcare as positive externalities of the colonial influence in Sub-Saharan Africa (British Broadcasting Corporation 2017).48 However, Heldering and Robinson (2012), following an extensive review of the literature on the positive impacts of colonialism in Sub-Saharan Africa, concludes that although colonialism had positive effects on isolated areas such technology and introduction to modern institutions, “it is very likely that if one could estimate the average effect of colonialism on development in Africa, it would be negative.”

48 In discussing the colonial experiences of various countries and regions of the world, the literature often examines Great Britain’s approach to colonialism in India against the British presence in other parts of the world. Even though the British presence in India, like Africa, was centered on resource exploitation (Das 2015), there is evidence in the literature to suggest that unlike Africa, the British established social, political, and economic institutions that have played a significant role in the transformation of India’s political economy. As Stern (2012) has argued, this is due to the fact unlike in Africa, colonialism in India started with a corporation (the East India Trading Company) as opposed to the state itself. As such, Stern writes, “[The East Indian Trading] Company leadership wrestled with typical early modern problems of political authority, such as the mutual obligations of subjects and rulers; the relationships among law, economy, and sound civil and colonial society; [and] the constitution of civic institutions....”
“Economic decolonization” in Sub-Saharan Africa is often pegged to events that took place in the immediate postcolonial period (Fieldhouse 2011). As shown in Olamusu and Wynne (2015); Cooper (2002); and Ndulu et al (2007), Sub-Saharan Africa’s postcolonial period is often demarked as:

- **1960 to 1980**: This timeline covers the period when the majority of African countries gained independence, and traces activities of leaders of the newly independent Sub-Saharan African countries and transitions to the emergence of the World Bank’s role via its structural adjustment programs. As outlined within the literature, there are two defining characteristics of this period. First is the notion that the way Sub-Saharan African leaders approached economic development during this period was by and large a reflexive reaction to the continent’s experience with colonialism (Ratsimbaharison 2003). The second characteristic is that the advent of the World Bank’s structural adjustment programs, starting with the *Agenda for Action* in 1981, presents a clean and clear shift in paradigms in terms of differences in how the new Sub-Saharan African leaders and the international community generally conceptualized economic development challenges.

- **1980 to 2000**: Within the literature, this period is seen as the critical period in the modern history of economic development in Sub-Saharan Africa. Indeed, events that occurred during this period occupy such a prominent space in the debate that, they continue to shape how analysts and practitioners alike respond to and approach economic development in the region. Key features of this period, as broadly documented in the literature and emphasized in Rempel (2008), include:
1. The collapse of economies and a dramatic interruption to the pursuit of economic growth across Sub-Saharan Africa;

2. Extensive external shocks to domestic Sub-Saharan African economies in the form of declining oil and primary commodity prices;

3. Increased challenges with respect to balance of payments; and

4. Increased debt service obligations.

In addition to these features, this period is also characterized by heavy criticism of the World Bank and other international development agencies given their leadership role in transitioning Sub-Saharan African countries from state-led development to the neoliberal model. Compared to events of the 1960s and 1970s, the literature is less forgiving in its judgement of development efforts in this period. For the most part, events that shaped economic development in Sub-Saharan Africa between the 1960s and 1970s are often thought of as being outside predictive capabilities and control of policy makers, or as the result of decision makers whose motivation for economic development was shaped by a desire to shed colonial linkages. Events that shaped the period 1980 to 2000, however, are seen as deliberate policy choices on the part of the international community, and this has formed the basis for how institutions like the World Bank are evaluated – often harshly (Rempel 2008; Ratismbaharison 2003).

- **2000 to 2010**: This period is often characterized by modest return to economic growth in many Sub-Saharan African countries. Additionally, the World Bank, United Nations, and the international development community in general implemented significant modifications to the economic development paradigm during this period. Such
modifications were often a response to potent criticism of development approaches in the preceding period. However, because policy decisions during this period are often seen as a repackaging of policies that proved ineffective in previous periods (Pender 2001), evaluation of development approaches during the period 2000 to 2010 continues to evoke intense reaction from analysts (see, for example, Moyo 2009). Globally, this period also saw a collective commitment from world leaders, through the United Nations’ 

*Millennium Development Goals* (MDGs) to end poverty and underdevelopment in the developing world. Although it did not supplant neoliberal economic thinking, the World Bank’s efforts, or bilateral development agreements, the MDGs provided a significant framework and platform for pursuing economic development not only in Sub-Saharan Africa, but throughout the developing world and reframed the economic development narrative towards international cooperation.⁴⁹

- **2010 to present:** In many respects, this period is often seen as a continuation of the preceding period in that fundamental policies and approaches of international development agencies have not shifted much, if at all. What is unique about this period, however, is the rise and increased presence of China and India in Sub-Saharan Africa’s economic development landscape. Although China’s modern presence in the region can be traced back to at least 2000, it’s in the latter part of this period that China’s trade with, and investment in, Sub-Saharan Africa has surged (Olamusu and Wynne 2015). Interestingly, while the presence of China in Sub-Saharan Africa is widely recognized and analyzed in the literature, assigning a distinct character to the Chinese presence has

⁴⁹ McArthur (2014) provides a very useful analysis of the political context and debates that gave rise to the MDGs, while Manning (2010), Sumner and Tiwari (2010), Richard et al (2011), and Sanchez and Vos (2009) have provided critical evaluations of the MDGs outcomes and impacts.
been elusive. While some have characterized China’s presence as a new form of colonialism (Reuters 2011), others see China’s engagement in Sub-Saharan Africa as economically positive (Dollar 2016; Lekorwe et al. 2016; Kummer-Noormamode 2014; Jenkins and Edwards 2006). Still, others view the presence of China and India positively in so far as their presence offers Sub-Saharan African countries alternatives to the international development agencies (International Center for Sustainable Development 2015; Rakotoarisoa and Fang 2015). Some analysts have even argued that Sub-Saharan Africa is “rising” because of China and India (Olamusu and Wynne 2015). It is important to note that criticism of World Bank policies during this period is less visceral than in the 1980s or 1990s, most likely due to a reframing of the development paradigm from one that emphasized World Bank-specific policies to one that embraces shared responsibility at the international level, as espoused through the UN’s Sustainable Development Goals (United Nations 2015).

Critical Theories Shaping Economic Development in Sub-Saharan Africa

According to Rempel (2008), the Cold War is typically seen as the context for modern dynamics of economic development in Sub-Saharan Africa. This assertion is reinforced in Byrnes (2013), who argues that “the histories of the Cold War and modern Africa are inextricably connected.” What Byrnes means, and to Rempel’s point, is that although Sub-Saharan African countries still had to contend with the aftermath of colonialism following independence, the Cold War provided another platform for shaping the political economy of Sub-Saharan African countries. The impact of this event, according to Byrnes, was augmented by the fact that most of these countries were in the midst of their “uniquely impressionable years following colonization.” For leaders of the newly independent Sub-Saharan African countries, exploiting the “geopolitical,
intellectual, and ideological battles” of the Cold War was simply an alternative mechanism for addressing the “daunting challenge” of transforming their political economies in the immediate postcolonial period. In this regard, impact of the Cold War on sub-Saharan Africa was three-fold. First, while the rhetoric leading up to the era of independence had been one of Pan Africanism – the concept of African unification – the Cold War “accelerated” the formation of independent nation states in Sub-Saharan Africa. In effect, the nation-state model of sociopolitical organization allowed individual countries to pursue their own development agenda by aligning with either the socialist or capitalist doctrine. Secondly, and spurred by the ideological foundations of the Cold War, many elites in Sub-Saharan Africa pursued “utopian ambitions” in the form of economic modernization. The case of Tanzania, presented in chapter 5, is illustrative of this orientation. Finally, the Cold War’s “parting gift to [Sub-Saharan Africa] was the emphatic puncturing of these lofty dreams [of the elites],” vis-à-vis the fall of the Soviet Union and the eventual collapse of the socialist experiment (Byrnes 2013).

Significance of the Cold War in the historiography of Sub-Saharan Africa is not limited to the fact that the conflict provided new leaders in Sub-Sahara Africa – and indeed many in the underdeveloped world – an option with respect to their pursuit of economic development. The War also played a crucial role in fomenting political instability, corruption, clientelism, and cronyism – adverse behaviors that have since remained pesky elements of Sub-Saharan Africa’s economic development narrative. In summing up the impact of the Cold War on Sub-Saharan Africa, Byrnes (2013) writes:

If the first half of Africa’s Cold War can be judged to have had a mix of positive and negative consequences for the people who lived there, in the 1970s and 1980s, the superpowers’ rivalry inflicted a catalog of destructive forces and tragic events on the continent with scarcely any silver linings to speak of. … Proxy wars devastated whole societies and reinforced the popular
perception...that American and Soviet policymakers were conscienceless cynics who played lightly with the lives of the ‘darker nations’… Indeed, *it is morally imperative to acknowledge that many of [the Cold War’s] casualties were African [with] nearly a million in Mozambique alone* (in-text quotation in original; emphasis added).

Ultimately, the Cold War transformed the optimism that underlined the development agenda of Sub-Saharan African leaders in the postcolonial era, “grounding these dreams into dust” (Byrnes 2013).

While the Cold War served as a political framework for the pursuit of economic development in postcolonial Sub-Saharan Africa, W. W. Rostow’s (1960) Modernization Theory provided the economic ideology for this period. In *The Theory of Economic Growth*, Rostow built on the classical theory of Adam Smith and outlined five stages of economic growth that eventually came to define the economic development paradigm for Sub-Saharan Africa and the rest of the developing world.

First, Rostow conceived of a traditional society in which productive capabilities are limited. This stage is not entirely akin to Adam Smith’s “savage nation of hunters and fishers” nor Karl Marx’ “Magian” stage of economic development. The distinguishing feature of Rostow’s initial stage was the conceptualization that production techniques were relatively evolved and not overly primitive. From this, Rostow defined the traditional society as ‘self-sufficient’ and able to produce in a way that generates surplus, which allows the respective society to engage in modest *regional* trade. In this regard, the initial stage of economic development in Rostow’s construct was very reflective of Sub-Saharan Africa’s political economy in the immediate postcolonial period. It was therefore not surprising when Sub-Saharan African leaders accepted Modernization Theory wholesale under the belief that they could effectively build on the existing
structure and “modernize” their economies and provide their citizens with “material benefits and growth and modern progress” (Nkrumah 1958). Armed with a vision of a New International Economic Order (NIEO), leaders in newly independent Sub-Saharan African countries expected rapid transformation as a result of increased revenue from commodity exports to “underwrite their ambitious domestic development agendas” (Byrnes 2013). The challenge for these leaders – and what Rostow framed as the second stage of economic development – was identifying and establishing preconditions for achieving economic development. For these leaders, this meant fundamental corrections to “sociopolitical structures and production techniques” (Misra and Puri 2016), which implied an ability to shift from an agriculture-based to industry-based economy as well as being able to trade beyond the regional parameters of Rostow’s initial stage. As a result of these expectations, the need to “modernize” Sub-Saharan Africa’s political economy by way of industrialization received focused attention from the region’s new leaders.

Once preconditions for growth have been effectively addressed, Modernization Theory argued, the respective country will venture into the third phase of economic development where it will “take off” and experience sustained economic growth. At this stage, Rostow postulated, the necessary interplay between critical elements of economic development – such as domestic capital mobilization, investments, entrepreneurship, and more importantly external demand for domestically produced goods – fosters the country’s transition to economic development. Following the take off stage, the society enters the fourth stage of economic development where as a sign of its “maturity,” it focuses on effectively applying “the range of modern technologies

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50 For detailed account of the NIEO and how it influenced the behavior of leaders in Sub-Saharan Africa, see Ratsimbaharison (2003).
to its resources” (Rostow 1960) in the production of goods and services. The fifth and final stage in Rostow’s process of economic development involves the respective society, now able to generate wealth, engaging in mass consumption which in turn sustains the economy due to additional demand for goods and services. A virtuous cycle of economic production, consequently, ensues. It was implicit in Rostow’s theory that in order to reach the final stage of economic development, short-term sacrifices in the form of savings and delayed consumption were necessary.51

Modernization Theory has been heavily criticized in the aftermath of the Cold War (see, for example, Matunhu 2011). Misra and Puri (2016) has argued that Rostow’s model is simply a reframing of historical occurrences. In other words, the authors argue, Rostow’s model of the economic development process reinforced conditions that existed in developing countries at the time and forwarded expected outcomes that could be identified a priori through the economic history of Europe and the United States. Thus, Misra and Puri question whether Modernization Theory could be applied in the countries for which such a model was intended. Additionally, they argue, Modernization Theory is both “linear” and mechanical in nature since fundamental operations that drive the model’s nodal transitions are unknown, which is a common critique of evolutionary theories of economic development.52 Such criticisms are important because the evolutionary view of economic development suggests that the process – and in particular transitions between the different stages of economic development – are both automatic and guaranteed. That is, the evolutionary theory connotes that if underdeveloped countries follow

51 See Root and Campos (1996) for additional reading on the effect of short-term “sacrifices” on economic development, especially in the East Asia context.

52 Nelson and Winter (1974) are more tolerant of an evolutionary interpretation of the process of economic development. Through Schumpeterian optics, these authors see the evolutionary theories of economic development as a “framework for vigorous and rich analysis.”
certain steps in order with respect to their pursuit of economic development, they will observe outcomes that are similar to that experienced in the advanced economies which often serve as the reference for where developing countries aim to position their political economy. Indeed, as Rempel (2008) notes, this interpretation heavily influenced how Sub-Saharan African leaders perceived transformation of the sub-continent’s political economy:

Not surprisingly, the leaders of newly independent governments assumed that African countries would follow in European footsteps to industrialization, and the social changes that accompanied them. This transformation would flow naturally from economic growth, though they believed that external resources could accelerate growth. … Independence generated extremely high expectations about the degree and speed of change [and] the disappointment of the hopes raised by independence was an ingredient in the crises of the following period.

In this regard, the implication of Rostow’s analysis is that countries that effectively identify and address the preconditions for economic growth will experience sustained growth that leads to the ability of mature industries to generate the wealth necessary to support mass consumption (Itagaki 1963). But the fact that countries in Sub-Saharan Africa broadly applied Modernization Theory between the 1960s and 1980s and failed to produce the expected outcomes highlight some of the structural weaknesses in Rostow’s framework53 and give added value to Gerschonkron’s (1992) assertion that history, perhaps, should be seen as a guide rather than as the basis for modernizing “backward economies.”

The specific ways in which Sub-Saharan African countries approached modernization of their respective economies – mostly through import substitution industrialization – are broadly

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53 Both Rempel (2008) and Byrnes (2013) have argued that the Marshall Plan played a key role in Rostow’s conceptualization, and thus underscores the weaknesses in Modernization Theory. The Marshall Plan was a strategic initiative by the United States to provide economic assistance in an effort to reconstruct Western Europe following World War II. The principles and approaches of the plan would eventually shape approaches to development assistance in the post-war era. For further reading, see Hitchcock (2012).
documented in Cooper (2002); Ake (1995); Inglehart and Welzel (2005); Engerman (2003); and Tipps (1973). Country-specific case studies can be found in Eltringham (2012) as well as Arat (1988) and Chase-Dunn (1975); the works of Arat and Chase-Dunn are empirical in scope and evaluate the outcome of modernization efforts across multiple countries.

By the 1970s, it had become apparent that Sub-Saharan Africa’s modernization project, which focused on fundamentally addressing “the economy, the role that financing could play in industrialization and the transformation of agriculture,” had failed to deliver its promised results (Rempel 2008). Reasons for this failure, as Byrnes (2013) and Shen (1977) have shown, concerned assumptions that an industrial economy will emerge in Sub-Saharan Africa, agriculture will be effectively transformed, and foreign direct investment will flow into the continent in a way that would lead to the creation of autonomous economies. The widespread “failure” of ISI in Sub-Saharan Africa notwithstanding, it was not until the 1980s that “with the goad of donor conditionality, these policies were largely abandoned” as critics “at both end of the ideological spectrum” decried development’s failure” (Rempel 2008, emphasis added). It was against this backdrop that an expanded role for international development agencies in Sub-Saharan Africa’s political economy was set.

In 1973, the Organization of Petroleum Exporting Countries (OPEC), in retaliation for the United States’ decision to support Israel in the Yom Kippur War, halted export of oil to the United States. The price for a barrel of oil quadrupled as a result and although the embargo ended in 1974, the price for oil remained high on the international market.54 For Sub-Saharan African countries, and especially countries that are net importers of oil, consequences of the oil crisis...

54 For further reading on the history of the OPEC oil crisis, see Corbett (2013).
price shock were quite severe. In Tanzania, for example, 60% of the country’s earnings from the export of cash crops in 1980 were recommitted to the import of oil. Exacerbating the issue was the fact that while the price of crude oil remained high, prices for commodities such as cocoa, coffee and other raw materials which formed the basis of Sub-Saharan Africa’s export mix, had fallen significantly on the international market (Overseas Development Institute 1982). The culmination of these external events, according to Rempel (2008), created a “watershed for African development” in that “less developed countries [were deprived] of any chance of further development.”

These changes in the resource parameters for Sub-Saharan Africa, with respect to demand and value, created a situation whereby Sub-Saharan African countries had to engage in heavy borrowing in order to meet their balance of payments obligations, facilitating a “crisis of indebtedness” (Rempel 2008). Accordingly, the strategic focus of leaders in Sub-Saharan Africa shifted from large-scale development projects that relied on regional and continental solidarity to one that pursued the NIEO through international bodies such as the United Nations Conference on Trade and Development (UNCTAD). But the ability of Sub-Saharan African countries to effectively push through the NIEO agenda was significantly compromised by both domestic and international factors.

In addition to high indebtedness, by the time the World Bank introduced the Agenda for Action in 1981, collectively, Sub-Saharan African countries faced high population growth rates, reduced food production, declining per capita GNP, declining international assistance, as well as severe environmental degradation and drought that caused famine in many countries. In this environment, the opportunity to implement the World Bank’s structural adjustment programs
SAPs) was very strong as “almost all forms of financial assistance from the capitalist developed countries and the Bretton Woods institutions to any individual African country were [eventually] conditioned by the adoption of SAPs by that country.” Structural adjustment, the argument went “was the only way to solve the economic and social problems in Africa, and their rejection meant further deterioration of the economic and social conditions” (Ratimbaharison 2003). SAPs required a reversal of the approach by which leaders in Sub-Saharan Africa were pursuing sustainable transformation of their respective political economies. Whereas the government played a significant role in directing investment activity as well providing social services such as health education, SAPs sought to completely remove government from the political economy in favor of the neoliberal ideology of free and open markets. Vieux and Petras (1996) has explored circumstances that led to the evolution and wholesale acceptance of SAPs in Sub-Saharan Africa, while analysts such as Bajpai (1990) have others have focused on the programmatic impacts of SAPs. Bajpai makes the additional point that the stated and practical objectives of SAPs were inherently conflictual in that the basic structure of SAPs required domestic governments to oversee implementation of SAP goals, while simultaneously requiring governments to stay out of the economic development process. Abouharb and Cingranelli (2006), as well as Khan (1990) have criticized SAPs for their negative effects on human rights. A comprehensive review of the socioeconomic impact of SAPs can be found in Crisp and Kelly (1999).

55 In 1944, representatives from 44 countries met in Bretton Woods, New Hampshire, as part of the United Nations Monetary and Financial Conference. The objective of the conference was to evaluate and develop financial arrangements for post-war reconstruction in anticipation of German and Japanese defeat. Two critical institutions that emerged from the Bretton Woods conference were the International Bank for Reconstruction and Development (IBRD) – tasked with providing aid to countries in urgent need of capital, and the International Monetary Fund (IMF) – responsible for funding short-term trade imbalances of countries in order manage exchange rates. The role of the IBRD, colloquially known as the World Bank will evolve over time to become synonymous with the pursuit of economic development. Within the development literature, the term Bretton Woods institutions is often used in reference to the origins of the World Bank and IMF. For further reading on the history of the World Bank and IMF, and the role they’ve played in development economics, see Helleiner (2016), and Yago, Asai, and Itoh (2015). For specific review of the World Bank’s presence and role in Sub-Saharan Africa, see Harrison (2004).
While the bulk of the literature concludes that SAPs gave “false hope” to Sub-Saharan African countries (Wacienci 1996), analyses highlighting the positive impacts of SAPs on Sub-Saharan Africa can be found in Jaycox (1989) and Ratsimbaharison (2003). Towards the end of the 1980s and beginning of the 1990s, it was becoming increasingly clear that there was no consensus as to whether SAPs were viable mechanisms through which economic development could be achieved in Sub-Saharan Africa. Consequently, analysts and practitioners began to explore alternatives to SAPs (Carmody 1998).

The movement away from SAPs had its origins in the development experience of Latin American countries. Scholars and practitioners in this region argued that the prevailing structure of the international political economy led to a “dependence” of underdeveloped countries not only on primary commodities (which are subject to price instability), but also on the developed countries. Such beliefs fostered the emergence of Dependency Theory. Although the theory eventually received heavy criticism (Van de Walle et al 2006; Matunhu 2011) and fell out favor as the theoretical foundation for economic development, it had a significant influence on the economic behavior of Sub-Saharan African leaders during its brief tenure.

According to Ratsimbaharison (2003), leaders in Sub-Saharan Africa saw the severe socioeconomic conditions the region faced in the 1980s as a function of the region’s dependence on external agents for their economic development. Operating from this perspective, the Organization of African Unity (OAU) adopted the Lagos Plan of Action (LPA) as the strategic framework for the pursuit of economic development in Sub-Saharan Africa. In 1985, the LPA evolved into the Africa’s Priority Program for Economic Recovery 1986 – 1990 (APP), a

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56 For a full review of the origins and ideological foundations of the Lagos Plan of Action, see Adedeji (1983).
mechanism through which leaders in Sub-Saharan Africa intended to engage with development agencies such as the UN and the World Bank. Mongula (1994) has argued that although Sub-Saharan African leaders acceded to the SAPs “just to accommodate the capitalist developed countries and get the much needed financial support from them,” they intended for programs like APPER to replace SAPs. On the other hand, international development agencies characterizing Sub-Saharan Africa’s political economy challenges as a function of trade imbalances, lack of incentive to produce, declining production, and high debt, and overall mismanagement of the economy, used financing as a key lever to successfully get Sub-Saharan African leaders to capitulate and implement versions of the APPER that were more aligned with key strategies promoted in the Bank’s SAPs.

Ratsimbaharison’s analysis of the tension and divergent views of Sub-Saharan African leaders and the international development agencies highlights two important perspectives that, in my view, are marginally treated in the literature. First, the formulation of the LPA, APPER, and more recently NEPAD suggests that leaders in Sub-Saharan Africa, contrary to views expressed in Engerman (2003), have not been passive consumers of development policy. If anything, they have actively attempted to establish their own agenda and framework, except they have failed at implementation in so far as such agendas are subject to dynamics of the international political economy. Secondly, from a policy standpoint and within the context of this dissertation, it is clear that frameworks such as the LPA, APPER, and NEPAD may be characterized as attempts by Sub-Saharan African leaders to implement internally sourced development policies. In this regard, two questions that merit further research are: 1) How were East Asian economies able to implement and finance their often anti-neoliberal development policies while Sub-Saharan Africa’s agenda has been consistently dismantled, watered down, or completely ignored; and 2)
to what extent has the inability of Sub-Saharan African leaders to implement their internally sourced developed policies impacted the region’s economic development prospects?

In establishing criteria for evaluating and determining the policy origin orientation of a particular policy in chapter 3, I state that the role and influence of external agents in the policy formulation process – and in particular limitations on this role – is an important feature of determining a policy’s internal origins. The above example is one of the reasons why I consider this criterion to be particularly important in the policy origins framework. The process for formulating both the LPA and APPER suggests that these policies were internally sourced at the regional, if not at the country level. Policy makers, ideas, vision, and negotiation process pertinent to the two frameworks could all be said to have been indigenous to Sub-Saharan Africa. However, due to the process by which Sub-Saharan African leaders have sought to finance their development agendas, it often becomes necessary to compromise, modify, or even replace internally sourced development policies. As illustrated by APPER, in such situations, a policy’s implementation may be “hampered by non-compliance of the [Sub-Saharan African] member states,” who may no longer identify with the policy’s altered goals (Ratismbaharison 2003). Indeed, it is from this perspective that analysts such as Jenkins and Edwards (2006) as well as Dollar (2016) cast the presence of China in Sub-Saharan Africa in a positive light, despite general concerns about the former’s human rights and socioeconomic record (Heilmann 2008). In the view of these analysts, China presents an opportunity for Sub-Saharan African countries to pursue a development course that ultimately may be liberated from the conditionality of the international development agencies.
From the above, the key question to pose is this: why would Sub-Saharan African countries fail to implement a development policy whose ideological framework is not grounded in their vision and expectations? Dunn’s (1994) outline of the factors that drive effective policy implementation could be informative in evaluating this question. For Dunn, the eventual performance of a particular policy depends on:

- Perceived effectiveness – expectations as to whether the resulting policy provides viable solutions to the issue of interest;
- Efficiency – the extent to which the policy can be competently implemented;
- Equity – does the policy adequately address the needs of all stakeholders;
- Responsiveness – the degree to which intended consumers of the policy identify with and support core objectives of the policy; and
- Appropriateness of the policy given the context of the issue.

Applying these criteria to the policy formulation process within the United Nations, Ratsimbaharison has argued that initial policies of Sub-Saharan Africa’s alternatives to structural adjustment, such as APPER, demonstrated responsiveness since they aligned with the “preferences and values of the group of African countries” within the UN. However, as part of a broader negotiation process within the UN, the eventual framework reflected the very SAP objectives which Sub-Saharan African leaders were attempting to reject. Sub-Saharan African leaders, who saw the issue of economic development as structural, felt that the goals and objectives of the SAP were theoretically and empirically inadequate to address “the real causes of economic, financial, and social concerns facing African countries.” As articulated by the Secretary General of the OAU, “the outward-looking, external-oriented concept of development
proposed for our countries [by the World Bank] is indeed a suggestion that we continue to do what we have been doing all these years. *The only difference is that we lose the independence to set our goals, adopt our strategy and determine our policies.* Added to this is the glaring arrogant paternalism in the [World Bank’s *Agenda for Action*] with no concern shown for the need to increase the capacity of our countries to do in the near future what outsiders are doing for them now” (as quoted in Ratsimbaharison 2003; emphasis added).

Amidst such sentiments, Sub-Saharan African countries saw full implementation of the revised policy objectives as a threat to their independence and consequently behaved in ways that allowed them to capitalize on aid made available through SAPs, without absolute enforcement of the resulting policies. In fact, it is precisely due to such dynamics that lead Tangri and Mwenda (2006), as well as Hanlon (2004), to argue that foreign aid thwarts economic development by fostering corruption. And, it is from this perspective that I hypothesize that internally sourced development policies are more likely to help generate economic growth due to the ability of such policies to elicit the domestic support that is necessary for implementation.

While Ratsimbaharison provides useful insights into political dynamics at the international level and how these have influenced and shaped the history of economic development in Sub-Saharan Africa, it is important to register two objections to Ratsimbaharison’s observations. First, in comparing the development experiences of Sub-Saharan Africa and East Asia, Ratsimbaharison asserts that the success of the East Asian countries, as documented in the literature, is due to their “adoption of an export led growth [ELG] model” as opposed to the ISI strategy adopted by Sub-Saharan African countries in the immediate postcolonial period. The author further argues that in Sub-Saharan Africa, ISI led to a situation where implementing countries “produced goods that
could not be exported to other countries because of their low quality of production.” Consequently, Sub-Saharan African countries “still had to import other goods and did not have the hard currency to pay for them [which led to] both chronic deficits in the balance of payments and huge external debts.” I believe that as characterized, Ratsimbaharison fails to account for the role played by falling commodity prices in Sub-Saharan Africa’s debt crisis. Ironically, this underscores the vulnerability identified by Sub-Saharan African leaders in registering their rejection of the World Bank’s SAP. Moreover, the purpose of ISI is not to produce for export, but rather to produce for local consumption goods that are typically imported. Finally, the author fails to account for the fact that ISI was actually an important feature of the development strategy employed by the East Asian countries during their pursuit of economic development.

From a broader, long-term perspective, the goal of ISI is to establish and develop local industries until they are mature enough to withstand the effects of foreign competition. Given the initial gap in skill and technological know-how, it is conceivable for a country engaged in ISI to maintain an export position, especially for materials that are not readily available either because they are manufactured outside the domestic economy, or because the local economy cannot produce them due to the embryonic state of its technological capacity. In such cases, balance of payment issues could be a real concern under ISI. There is vast documentation in the literature regarding the value and effectiveness of ISI and ELG as viable strategies for economic development for countries in transition. If the intent of Ratsimbaharison’s conclusion is to argue that ELG is a more viable strategy than ISI for countries in transition, then this view is simply a reinforcement of the literature. If otherwise, then I contend that the failure of ISI in Sub-Saharan African may

57 As shown in chapter 4, South Korea addressed this problem by 1) acquiring technology licenses from Japan; and 2) directing resources to industries such as steel and semiconductors, which ultimately allowed South Korea to completely eliminate imports of such inputs.
be more a function of the dynamics and politics of the international political economy (which Ratsimbaharison ably assesses), and less a function of any inherent weakness in ISI as a development strategy. Due to the premature termination of ISI projects in Sub-Saharan Africa via the Cold War and the neoliberal counterrevolution, analysts can only conjecture as to how over the long run, ISI may have impacted economic development in Sub-Saharan Africa.

My second objection concerns Ratsimbaharison’s characterization that the UN’s support for integrating neoliberal principles into Sub-Saharan Africa’s alternative development works, by way of including SAP measures, is justified when evaluated against the expected reaction of multinational corporations (MNCs) and FDI. According to Ratsimbaharison, leaders in Sub-Saharan Africa felt “openness and excessive dependence of the African economies to the world economy would have constituted the most fundamental causes of underdevelopment and retrogression of Africa.” Consequently, the author concludes that if Sub-Saharan Africa’s alternative frameworks had been implemented in their original form, it would have led to “capital flight,” limited FDI, and limited ODA. As the author writes, “the private companies and individuals who were already investing in [African countries], would have felt that their investments were no longer secure, and would have chosen to move them to other countries.”

Ratsimbaharison reaches this conclusion under the assumption that the Pan Africanist focus of Sub-Saharan African leaders presented a “threat to individual freedom, individual entrepreneurship, and market economy in Africa.”

I find Ratsimbaharison’s conclusion in this regard to be narrow on two grounds. First, as Ake (1981, 1995) and Rempel (2008) have shown, these “threats” were quite prevalent at the zenith of neoliberalism in Sub-Saharan Africa, as despotic leaders masqueraded as democratic
governors in order to extract value from the neoliberal agenda. As such, these threats should be seen as a function of political dynamics within which Sub-Saharan African leaders had to operate, and not so much as the outcome of strong anticolonial sentiment. If nothing else, Cooper (2002) has persuasively argued that the political vacuum and associated disruptions to development efforts that ensued in postcolonial Sub-Saharan Africa were largely driven by the continued influence of former colonizers in the domestic affairs of the newly independent states. And as Byrnes (2013) has argued, although Cold War politics played a significant role in expediting the creation of nation-states across Sub-Saharan Africa, it also strengthened the very threats which Ratsimbaharison argues were detractors for MNCs and FDI.

It should be noted that at the end of colonialism, MNCs that operated in respective Sub-Saharan African countries were mostly linked to the respective colonial countries. Further, as is widely documented in the literature, the majority of Sub-Saharan African countries traded mostly with their former colonial country rather than the broad international market. Thus, the capital flight which Ratsimbaharison sees as a potential symptom remains, in my view, a crucial piece of Sub-Saharan Africa’s development puzzle. Because industry across the region remains immature (Chang 2015; Karp and Perloff 1995; Tafirenyika 2016), external entities have come to dominate industrial activity in Sub-Saharan Africa, especially in the extractive industries. Capital, in the context used by Ratsimbaharison, has consequently never truly been native to Sub-Saharan Africa. Similarly, the tendency of the international community to sometimes bypass multilateral agreements and deal with Sub-Saharan African countries on a bilateral basis (as was the case with the United States’ reaction to APPER discussed above) suggests that while multilateral ODA may have been impacted, the resulting gap would have been addressed through bilateral agreements, with a key aspect of the arrangement being one in which Sub-Saharan African
countries protect foreign firms. In sum, the ascendance of neoliberalism in the Sub-Saharan Africa’s development agenda leaves a significant gap in our understanding of how ISI and Africa’s alternative frameworks would have truly performed.

By the 1990s, the neoliberal policy agenda was firmly rooted in Sub-Saharan Africa’s political economy, albeit it “was tempered with some pragmatism” (Rempel 2008). Driven primarily by an increasing scarcity in resources for development, “pragmatism” came in the form of “changes in the number and relative strength of the development actors operating in most African countries,…general contraction of the state and a growing prominence of multilateral development organizations and non-governmental organizations [NGOs]” (Rempel 2008). Sustained criticism of structural adjustment notwithstanding, there was policy uniformity as Sub-Saharan African countries continued to implement neoliberal policy reforms. Reforms were generally in the mold of “country-specific programs” whereby persistence of the debt crisis and balance of payments challenges were used as the basis for Sub-Saharan African countries to solicit aid from bilateral creditors. Within the historiography of economic development, this was a particularly crucial period because as Sub-Saharan Africa’s collective debt intensified, “the ability of African governments to design or pursue alternative [approaches to development] diminished,” rendering foreign aid a de facto substitute for economic development (Rempel 2008).

Globalization and Economic Development in Sub-Saharan Africa

Within the aid framework, most analysts saw the lack of progress in Sub-Saharan Africa as a result of the conditionality that had become a central feature of multilateral and bilateral aid, to the extent that there were calls to completely “delink” Sub-Saharan African economies from the
international political economy (Amin 1990, 1970; Mahjoub 1990; Onimode 1988). Ironically, heading into the 2000s, the narrative shifted from delinking to a focus on globalization. Grounded in neoliberalism but deemphasizing structural adjustment, globalization was the concept that a more interconnected and open global economy provided better opportunities for underdeveloped economies to achieve economic development. The impact of globalization on Sub-Saharan Africa has been extensively reviewed in the literature, with what is perhaps the most comprehensive review of the subject documented in Stiglitz (2003). Ibrahim (2013) has reviewed positive and negative impacts of globalization on Sub-Saharan Africa, concluding that while globalization opened cultural, political, and economic frontiers, it paradoxically eroded sovereignty of Sub-Saharan African states and entrenched economic marginalization. This latter point is further documented in Bhalla (1998), while Rodrik (1994) has evaluated the conflict created by the international division of labor. Lee and Vivarelli (2006) has explored the social implications of a connected and integrated global economy, while Englebert (2009) has explored globalization’s impact on political structures in Sub-Saharan Africa.

The advent of globalization introduced two critical elements not only to the historiography of economic development in Sub-Saharan Africa, but in the broader context of development economics. First, NGOs gained prominence as alternative agents of economic development. As analyzed in Rempel (2008), multilateral and bilateral development agencies channeled development aid through NGOs and heavily involved them in project implementation. Secondly, and parallel to the augmented role of NGOs, there was an increased focused on human and political rights, primarily due to the democratization and governance reform that pervaded Sub-Saharan Africa during this period (Ake 1995).
Within the human rights regime of the 2000s, global initiatives such as the MDGs have provided the framework for assessing development economics in general, and the magnitude of progress in Sub-Saharan Africa in particular. As the narrative on Sub-Saharan Africa’s economic underdevelopment has shifted from the postcolonial emphasis on structural transformation, observers and practitioners alike have focused on assessing features of the prevailing paradigm more so than the effect of the paradigm on Sub-Saharan Africa’s economic development prospects. As Rempel (2008) notes, there are questions as to whether economic development in Sub-Saharan Africa should be “relaunched.” With respect to features of the prevailing paradigm, Moyo (2009) has severely criticized aid as a mechanism for economic development, while Mishra (2004) has argued that global agendas such as the MDGs tend to be quite ambitious and lack mechanisms to properly establish and sustain autonomous economies in the developing world. Also, as Jerven (2013) has argued, the focus on “development goals” distorts our ability to accurately evaluate the extent to which Sub-Saharan African countries have truly developed since in such a framework, the preoccupation is with “measuring” economic performance against stated goals rather than assessing fundamental changes in Sub-Saharan Africa’s respective economies.

More recently, the paradigm for pursuing economic development in Sub-Saharan Africa has been characterized by initiatives and partnerships, as articulated in the New Economic Partnership for Africa’s Development (NEPAD). NEPAD, like the APPER and LPA before it, provides a comprehensive framework that sets both a vision and an action plan for how Sub-Saharan Africa, in partnership with the international community, addresses the continent’s
development challenges. Simpkins (2010), who provides a very useful summary of the origins of NEPAD and outlines its implementation challenges, notes that NEPAD evolved as a mechanism for implementing the MDGs. Thus while NEPAD may not have been “negotiated” in the same way as APPER, its performance has produced mixed results. While some observers consider the framework to be a success (NEPAD 2011; Mayaki 2011; Khati 2006), others such as Kagaruki (2011) and Herbert (2004) contend that NEPAD has failed to achieve its objectives.

Leading up to the 2000s, the significant debt crisis faced by Sub-Saharan African countries led to the formulation of several donor-driven initiatives intended to help mitigate impact of external debt on Sub-Saharan Africa’s economic development prospects. Prominent among these initiatives are the Heavily Indebted Poor Country (HIPC) and Multilateral Debt Relief (MDR) initiatives. The overall purpose of these initiatives is for donor agencies such as the World Bank and IMF to reduce or forgive loans owed by poor countries in an effort to help jump-start their economies. A key feature of these initiatives is for the respective developing country to submit a Poverty Reduction Strategy Paper that serves as the basis for allocating loans to the developing country. Alongside these multilateral initiatives, individual developed countries continue to pursue unique agendas with Sub-Saharan African countries, including the United States’ Africa Growth Opportunity Act (AGOA), and China’s bilateral trade agreements with at least 45 Sub-Saharan African countries. Similarly, the European Union maintains its own trade

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58 For a detailed account of NEPAD – including its goals and objectives, see Panford (2006).
59 Rempel (2008) has noted that by 2003, the average debt service of Sub-Saharan African countries fell below 10% of the value of exports, mostly likely as a result of initiatives such as HIPC. Despite this reduction, Rempel notes, Sub-Saharan African countries continued to face significant debt obligations.
60 AGOA is a mechanism through which the United States maintains bilateral trade with Sub-Saharan African countries. Originally signed in 2000, AGOA was extended for 10 additional years in 2015 and will be in force through 2025. For further information on AGAO, including the trade profile of eligible countries and regional initiatives, visit https://agoa.info/about-agoa.html. Zenebe (2013) has argued that empirically, AGOA has marginal impact on Sub-Saharan African countries, particularly with respect to agricultural exports from Sub-Saharan Africa, although Kamau et al (2013) have argued that without AGOA, Sub-Saharan African countries will face trade losses.
agreements with Sub-Saharan African countries. From a systems perspective, it would appear that dynamics of economic development in Sub-Saharan Africa in terms of approaches and methods have not changed much from the immediate postcolonial period. As exemplified by NEPAD, there remains a strong sentiment among leaders in Sub-Saharan Africa to “own” both the policy and process of economic development.

However, as illustrated by the United States’ reaction to Africa’s alternative framework for development presented to the UN in the 1970s, use of bilateral trade agreements such as AGOA suggests that while goals and objectives of Sub-Saharan Africa are recognized through NEPAD, they are yet to be the basis for how the international community responds to the region’s economic development challenges. Meanwhile, requirements around Poverty Reduction Strategy Papers and the HIPC, and use of tools such as the World Bank’s Comprehensive Development Framework have led to questions of whether the current period of economic development in Sub-Saharan Africa is simply a “revival of older development ideas, but in ways that differ from earlier periods” (Rempel 2008). Such differences, Rempel notes, include the presence of new actors in the promotion and implementation of development agendas, as well as remittances as a key form of resource mobilization for economic development.\(^6\)

2.3: Economic Development in East Asia– A Brief Review

Although Sub-Saharan Africa, as a whole, has experienced economic growth in recent years (World Bank 2017; AfDB 2017), the process of formulating, implementing, and enforcing

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\(^6\) Remittance refers to money that individuals who have migrated out of a particular country send to their families back home at their country of origin. Fayissa and Nsiah (2010) have empirically shown that “remittances positively impact economic growth by providing alternative way to finance investment and overcome liquidity constraints.” Accordingly, several Sub-Saharan African countries have incorporated facilitation of remittances into their development agendas. Nyamongo et al (2012), however, argue that there is significant volatility and structural challenges for remittances to become a sustainable development strategy.
development policy suggests that history could be repeating itself for Sub-Saharan African countries. That is, similar to the region’s experience in the immediate post-independence period, the policy process, while acknowledging expectations and visions of Sub-Saharan African leaders, appear to marginalize these expectations when it comes to implementation. But, given similarities between the current and previous policy regimes, what lessons have Sub-Saharan African countries learned, and how can these lessons be applied in a way that positively shapes the next chapter in the sub-continent’s economic development trajectory?

Between 1980 and 2000, rapid economic growth among several countries in East Asia made the region a model for Sub-Saharan Africa. The prevailing logic was that for significant portions of their history, countries in the two regions shared similar socioeconomic features with respect to their political economy (Fukasaku 2004; Eggleston 1997; Glick and Moreno 1997; Rodrik 2012). Within the economic development literature, analysts began to denote the East Asian experience as a viable framework for understanding fundamental challenges faced by transitioning economies (McCord 1989) and the type of policy choices that can facilitate and sustain economic growth and development (Page 1994; Stiglitz 1996; Fourie 2011). The euphoria surrounding the East Asia experience and its promise for Sub-Saharan Africa overshadowed the fact that in practice, the various East Asian countries used different methods and approaches in pursuing economic development. In essence, there was not a solitary model of East Asian economic development (Birdsall et al 1993). In forwarding “lessons learned” from the East Asian experience, factors such government intervention in the economy as well as extensive use of protectionism, were marginalized. Rather, the international development community focused on the role that macro and micro economic policies played in the East Asian experience. The divergence from core neoliberal principles notwithstanding, the East Asian experience was
characterized as the result of these countries getting the fundamentals of development policy right (Birdsall et al. 1993; Glick and Moreno 1997; Yusuf 2002).

Although there was no general consensus as to lessons to be extracted from the East Asia experience (Quiñó 2002), policy prescriptions derived from the East Asian experience and advocated for Sub-Saharan Africa generally focused on 1) identifying the right public policies that collectively shape economic development strategies; and 2) establishing the requisite institutions for “creating these miracle-inducing” policies (Bhatta and Gonzalez 1997). In 1993, the World Bank issued one of the most comprehensive evaluations on the East Asian economic development experience in terms of how public policy shaped the region’s ability to achieve economic growth (Birdsall et al. 1993). In this report, World Bank staff, including William Easterly, explored questions related to interactions between government, the private sector, and markets, with particular emphasis on the role of “activist public policies” on this dynamic. As the authors note, the investigation sought to understand which policies contributed to the rapid economic growth of East Asian countries, since those same policies had failed to produce expected outcomes in other developing economies. In his foreword to the report, Lewis Preston, then President of the World Bank, remarked that: “we intend that our [reports on policy issues] should contribute to the debate in both academic and policy communities on appropriate public policy objectives and instruments for developing economies” (emphasis added).

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62 Page (2016) notes that the World Bank’s analysis was an attempt to understand the “policy origins” of the East Asian development experience. This usage of the term notwithstanding, it is important to note that while my research focuses on the process of formulating, implementing, and enforcing development policy, the World Bank’s research focused on sources or origins of the growth, including the role of governance and institutional structures. 63 I isolate Easterly here because despite the critical role Easterly has played in the formulation and implementation of the World Bank’s development policies, he has been severely critical in recent years about the Bank’s practices. See, for example, Easterly (2006).
From the World Bank’s perspective, policy choices were something that had to be determined for developing countries, a view that ignored the fact that while East Asian countries applied certain common macro and micro economic policies, the ways in which those policies were framed, implemented, and enforced – and indeed the very nature and extent of those policies – were entirely internal to the respective countries. In fact, this was a major source of contention between Japan and the World Bank with respect to the World Bank’s assessment. Japan had urged the World Bank to undertake the analysis in an effort to demonstrate that the region’s divergence from certain neoliberal approaches played an important role in the region’s economic growth (Fukasaku 2004). In producing the report, however, World Bank staff glossed over this aspect of the narrative. Although the World Bank acknowledged that “[the] success [East Asian countries] depended on the ability of governments to establish and monitor appropriate economic performance criteria related to the interventions” (Birdsall et al 1993; emphases added), it failed to characterize this as an element of its conceptualization of policy origins, and consequently, did not promote it in its policy prescriptions for Sub-Saharan Africa and other developing regions.

A key feature of my hypothesis is the assumption that a policy is more likely to be effective if it is internally sourced. I explain that this likelihood is due to the high probability that an internally sourced development policy will be formulated, implemented, and enforced in accordance with what I call sociopolitical assumptions and expectations of the society. Moreover, I note that this will likely mitigate any potential breach of policy goals on the part of agents in the domestic society for whom the policy is meant for consumption. Although the World Bank’s report stops short of explicitly acknowledging this possibility, it concluded that “noneconomic factors, including culture, politics, and history are also important to the East Asian success story.” If, as
the World Bank argues, the success of the East Asian countries is due not just to “superior accumulation of physical and human capital” but also to “better allocation” of those resources, then the role of policy origins in achieving economic growth becomes even more salient. The process of accumulating and allocating resources to productive investments, it would appear, requires what Johnson (1967) and Fukasaku (2004) have described as “policy cohesion for development.” In this regard, my dissertation intends to contribute to the literature by forwarding the idea that “policy cohesion,” defined as the process of getting all stakeholders to share and abide by a common goal, is a function of policy origins.

To this point, Root and Campos (1996) has expanded on the World Bank’s policy report by focusing on the role that leadership and promises of equity played in the East Asian experience. Further, Bhatt and Gonzalez (1997) notes that “leaders in the [East Asian countries] gained legitimacy for their rule not only by virtue of the fact that they created and nurtured conditions for rapid economic growth, but more importantly because they convinced the people that such growth would be shared.” According to Root and Campos, the primary mechanisms used by the East Asian countries to distribute wealth were “Deliberation Councils.” Through these councils, representatives from the public and private sector “[assisted] the government in formulating policies that would enhance the performance of a particular segment of the private sector (if not the private sector as a whole.”

In the context of this dissertation, what is important about the Deliberation Councils is not so much the capacity in which they facilitated economic growth, because as Bhatt and Gonzalez (1997) points out, not all the East Asian countries used such committees. Rather, the focus is on trying to understand how leaders in these countries were able to communicate and align expectations around wealth sharing with their overall policy objectives. Bhatt and Gonzalez’s
review indicates that where “Deliberation Councils” were used as a policy instrument, the decision to do so reflect internally derived social values of the policy makers. Thus, despite its common use in the East Asia framework, the structure and application of the councils varied from country to country. Without the internally sourced nature of these policies, it is doubtful that leaders in East Asian would have been able to secure the “strong commitment [from] both state and societal groups to the principles of shared growth,” and more importantly, “convince citizens to make short term sacrifices for long-term growth” (Bhatt and Gonzalez 1997). This point is made more explicitly in Root (1996), who sees the growth in East Asia as a socio-politically unique policy formulation and implementation process exemplified by the ability of leaders to align policy objectives with needs of the masses.

Although the East Asian experience received criticism with respect to its replicability in other contexts, it became a focal point for how economic development was pursued in Sub-Saharan Africa between the late 1980s and early 2000s. As documented in Lawrence and Thistle (2001), development policies in Sub-Saharan Africa following the East Asian experience focused on export-led growth as well as “sound fiscal policy management,” although Stein (2008) documents the many ways in which the East Asian experience provided alternatives to structural adjustment. The East Asian experience also provoked several questions, with some observers arguing that the relative success of development policies in East Asia and the failure of the same policies in Sub-Saharan Africa can be explained by cultural differences (Huntington 2000). On the other hand, others framed the issue in terms of the appropriate role of government in economic activity (Glick and Moreno 1997; Sidzingre 2004).

64 See, for example, Krugman (1994)
65 More recently, Henley (2012) has argued that a “pro-poor agricultural and rural development” strategy, rather than “export led industrialization” is what underlies the East Asian experience.
But, regardless of the optics through which the East Asian experience is evaluated, the fact remains that neither the policies nor the East Asian “model of development” have sufficiently addressed Sub-Saharan Africa’s development challenges. Fundamental questions persist with respect to the structure of Sub-Saharan Africa’s political economy. The need to transition from an economic structure defined by agriculture to one defined by industry and improved socioeconomic conditions in the process remains a salient objective. This, in my view, makes the question of why Sub-Saharan African countries remain poor, despite myriad strategies and resources invested in the sub-continent’s development project, current and relevant.

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The preceding literature review highlights the fact that perhaps with the exception of the immediate post-independence era (1960 and 1970), leaders in Sub-Saharan Africa have not been able to “own” their economic development policies in the same way that leaders in East Asia were able to do in pursuing economic development. Does this suggest that Sub-Saharan African countries should “delink” from the international political economy, as some observers advocated for in the late 1980s and early 1990s? Not necessarily, because as the East Asian experience shows, even when countries elect to close their economies during initial stages of their development trajectory, eventual connection to the broader international market is critical to sustaining economic growth and development. What then, is the appropriate lesson of the East Asian experience as far as economic development in Sub-Saharan Africa is concerned? Addressing this question is the focus of chapters 4 and 5, where I use case studies of South Korea and Tanzania, respectively, to evaluate the importance of policy origins in the pursuit of economic development.
Chapter 3: Methodology and Research Design
3.1: Research Objectives

Broadly, the central thesis of my dissertation maintains a common theme with the literature on economic development in Sub-Saharan Africa, with respect to an interest in understanding factors that underlie the region’s development challenges. Ultimately, the goal is to forward ideas whose practical application can contribute to successful transformation of Sub-Saharan Africa’s political economy. In this regard, the main contribution of my research to the discussion on economic development in Sub-Saharan Africa is the manner in which I expand on ideas broached in Karp and Perloff (1995) as well as Redd (2002), but which to the best of my knowledge, have not been articulated into a unified theory of economic development. In other words, by positing that there is a relationship between policy origins and economic development, I bridge Karp and Perloff’s assertion that policies are more likely to be effective when domestic agents are involved in the formulation process, to Redd’s empirical analysis that shows that policies are more likely to fail when they are external to the consuming society.

While the policy formulation process is generally considered to be a negotiation between competing interests (Sabatier et al. 2012), with respect to the formulation and implementation of development policy pertinent to Sub-Saharan Africa, any such negotiation is often symbolic; the prevailing paradigm for policy formulation has a tendency to ultimately circumvent actual policy goals and objectives of Sub-Saharan African countries (Drazen 2002; Dreher 2009). It is in this context that I have established the concept of policy origins. That is, because Sub-Saharan Africa’s policy formulation process typically pits interests of the respective countries against interest of funding entities, the essence of my postulation is to:
• Help bridge gaps in the literature with respect to effects of internal and external factors in the formulation, implementation, and enforcement of economic development policies

• Examine the historical context within which this dynamic has played out

• Make critical observations about the phenomenon of policy origins from respective case studies and forward recommendations for enhancing our understanding of how Sub-Saharan African countries may be able to formulate and implement effective policies in their pursuit of sustainable economic development.

The crucial element to my characterization of the policy origins-economic development phenomenon is the extent to which policy formulation postcolonial Sub-Saharan Africa reflect visions of the respective leaders, and how these visions influence interaction with external agents such as the World Bank.66

Peterson (1981) as well as Hwang and Gray (1991) have explored how external demands and internal dynamics affect policymaking at the subnational level. The authors share a common conclusion by noting that with respect to national policymaking, the effectiveness of a particular policy is constrained by the internal and external factors operating on the policy. In this formulation, internal factors are typically defined to mean interests of the groups who are most closely aligned with the policy and what the policy attempts to accomplish. External factors, on the other hand, reflect interests that are not necessarily central to the policy in question, but have the ability to impact actual performance of the resulting policy. An important observation from both studies is the conclusion that while external factors are important to the policymaking process, they often do not supplant the role or force of internal factors. As Drazen (2002) and

66 For a discussion on attempts by African countries to modernize their economies following the era of independence, see Ostheimer (1970); Wilson-Tagoe (2014);
Dreher (2009) have observed, within the international political economy, the dynamic and influence of external and internal factors appear to be reversed. In other words, if the interests of domestic countries are amenable to circumvention by policy objectives of the funding entities, then which agent’s goals should be considered internal (objectives that shape core policy goals) and whose should be considered as external (objectives that are important but not necessary the object of policy formulation)?

3.2: Research Design

I will use a case study approach to evaluate the relationship between policy origins and economic development, as conceptualized. Qualitative observations from case study analysis will be supplemented with quantitative review of selected measures of economic development (see Appendix B). In this regard, the overall methodological approach resembles that of an embedded case study, whereby multiple units of analysis are integrated to explore a particular phenomenon. Of note is the method’s tolerance or rather allowance for the use of both quantitative and qualitative methods in a single study. This flexibility is important for investigations where the phenomenon of interest is complex, multi-faceted, and dynamic, as is the case with my research.

The issue of economic development in Sub-Saharan Africa has been explored from disciplines as diverse as geography, sociology, political science, law, religion, and anthropology, all

67 For more information the embedded case study approach and it’s advantageous as a research method, see Yin (2013) and Scholz and Tietje (2002).
68 See, for example, Cannon (1975); Mabogunje (1981); Gallup and Sachs (1998); Bloom (1998); Bloom et al. (1998); Gleave and Morgan (2001)
69 See, for example, Bernstein (1971); Simkin (1981); Matthew (1995); De Haan (2010)
70 See, for example, Dalton (1965); Bennett (1971); Englebert (2000); Ruttan (2003).
of which employ methods that are unique to the field. The complexity of economic development in Sub-Saharan Africa is exacerbated by the divergence of research outcomes on the issue. That is, within the literature, there is yet to be posited a singular idea or theory that adequately explains why Sub-Saharan African countries continue to struggle in their pursuit of economic development.74 Structurally, an embedded case study approach is appropriate for exploring my central phenomenon along these pedagogies. Moreover, since the phenomenon of interest has both a normative/qualitative aspect (policy origins) and a quantitative/measurable dimension (levels of economic development), this approach provides an avenue for meaningfully exploring linkages between the two dimensions.

While the embedded case study portion of the study is systematically planned with defined criteria for evaluating and drawing inferences on the strength of identified concepts, the quantitative aspect does not follow a similar structure. The use of quantitative measures in this study, therefore, is to illustrate changes in the political economy of the particular country under investigation. More importantly, quantitative evaluation of selected indicators helps us gauge the extent to which a particular policy may be considered effective, given the policy’s external or internal orientation.

71 See, for example, Dunning (1968); Ayua (1986); Bondzi-Simpson (1992); Zeleza and McConnaughay (2004); Dam (2006)
72 See Palanca (1986); Glahe and Vorhies (1989); Zweig (1991); Bornstein (2001); Speckman (2002); Barro and McCleary (2003); Branco (2007)
73 See, for example, Schneider (1975); Stambach (2010)
74 I am grateful to Dr. Neenah Estrella-Luna, a member of my dissertation committee, for raising the question of whether there needs to be a singular theory to explain economic underdevelopment in Sub-Saharan Africa. While such a unified theory may not be necessary, it has historically been the objective of theoretical frameworks such as Modernization and Dependency to provide a unified theory for exploring and addressing economic development challenges in Sub-Saharan Africa. At least from a purely economic standpoint, the benefit of such an approach is that it helps streamlines and focuses the design of viable interventions. Variability in explanatory frameworks, on the other hand, could influence the effectiveness with which solutions are pursued, especially given the potential for competing theories and their attendant practical formulations to disrupt designed interventions.
Given the enduring influence of structural adjustment programs (SAPs), as espoused in the World Bank’s *Agenda for Action*, it is remarkable that while the development literature is rich with empirical studies on SAPs, there has been only cursory acknowledgement of non-economic and non-measurable factors.\(^75\) And, where the issue of economic under-development in Sub-Saharan Africa has been explored from a normative perspective, the quantitative aspect has generally not been emphasized.\(^76\) Thus, my use of an embedded case study approach to evaluate the relationship between policy origins and economic development further allows for bridging such gaps.

This study’s method primarily follows a model conceptualized in Yin (2013) and leverages discussions outlined in Scholz and Tietje (2002). Yin’s work is less abstract than Scholz and Tietje (2002), and thus serves as the preferred framework for developing my analytical approach. Yin’s methodological model consists of three stages:

1. **Define and design:** This stage involves the development of theory or key ideas, the design of data collection protocols, and the selection of cases.

2. **Prepare, collect, and analyze:** This stage involves the investigator collecting the necessary information in accordance with data collection protocols outlined in stage 1. Furthermore, the investigator conducts the respective case studies during this stage, and begins the process of grounding evaluations in the established theory or against defined key ideas.

\(^75\) See, for example, Khan (1990); Kallon (1992); Mlambo (1995); Collier and Gunning (1999).

\(^76\) See, for example, Ntibagirirwa (2009)
3. **Analyze and conclude**: At this stage, the investigator conducts an iterative analysis of all cases investigated, modify the applied theory as necessary, develop policy implications, and generate conclusions by way of cross-case reports.

I broadly employ Yin’s three-step approach but with two important deviations. First, while there are studies into the impact of internal and external dynamics on the policy formulation process (Karp and Perloff 1995; Redd 2002), my review of the literature did not identify a theoretical framework that articulates and relates my conceptualization policy origins to economic development. In this regard, my postulations may be considered supplements to the stock of economic development theories on Sub-Saharan Africa. Secondly, Yin’s model assumes a pre-existing theory against which insights from case studies can be measured in an attempt to confirm validity. In my analytical framework, the theory verification stage occurs relative to my established criteria. In this regard, I believe there is an opportunity to further refine the methodological approach with respect to theory verification, especially as additional research into the relationship between policy origins and economic development emerges.
As modeled in process A of Figure 2, the present study uses a primary context and a sub-context approach with respect to the theory application phase of the study. The primary context – economic development in Sub-Saharan Africa – serves as the broader canvas for exploring the relationship between policy origins and economic development. The viability of this analysis, however, is predicated on insights from the sub-context of economic development in East Asia, as represented by the case of South Korea. This approach is markedly distinct from the models of Yin as well as Scholz and Tietje, both of which emphasize single context application.

But in situations where the central theme of the investigation points to introduction of a new theory, as is the case with my study, straightforward application of Yin’s model without modification could be problematic. A key step in the theory development process is to define and confirm basic parameters of the supposition (Bender 1978). Without such confirmation, applying the proposed theory directly to the cases of interest could produce a series of false positives with respect to conclusions that may be drawn from case study observations. For example, and with respect to the present study, it would not be advisable to apply the study’s key concepts of policy...
origins and economic development directly to cases in the primary context (in this case Tanzania), without first evaluating the presence and influence in the sub-context of South Korea, since doing so could lead to a circular argument of the following nature:

- **Supposition 1a**: Policy origins affect a country’s economic development prospect
- **Supposition 1b**: The effect of policy origins on a country’s economic development prospect is positive if that policy is internally sourced, and negative if externally sourced
- **Supposition 2a**: Sub-Saharan African countries generally use externally sourced development policies
- **Supposition 2b**: Therefore the economic development prospects of Sub-Saharan African countries are negative

Under these conditions, the application of suppositions 1 and 2 to any Sub-Saharan African country would eventually yield Supposition 2b, especially if Supposition 2a proves infallible. But any conclusion resulting from such a line of reasoning would be weak at best, since it would be based on a theory that reproduced and reinforced its intrinsic values and arguments, if those arguments are not systematically evaluated. In this regard, the theory would hardly be sustained over time. I therefore seek to avoid or mitigate this potentiality by expanding on Yin’s original model of the embedded case study approach by introducing a sub-context that allows for evaluating the theory relative to the primary context. I believe such an approach strengthens any necessary theory modification at the final stage of the analytical framework.

Too, the addition of quantitative analysis is a feature of this study’s methodological construct that is distinct from Yin’s (and that builds on some ideas from Scholz and Tietje). This aspect of
the research provides a critical platform for evaluating and drawing conclusions about key concepts that are forwarded in this study. That is, underlying the basic research question is the assumption that a country’s level of economic development at a given point in time can be associated with whether the underlying policy for economic development was internally or externally sourced. This assumes a pre and post dynamic to the relationship between policy origins and economic development. If my theory’s overall assumption that internally sourced policies are more likely to produce economic development holds, then in the absence of internally sourced policies (or conversely, in the presence of externally sourced policies), a stagnation or depression in economic performance may be observed. Again, this assumption is driven by the expectation that in an externally sourced policy environment, policy implementation is likely to suffer due to the weakened influence of the four criteria I have established for assessing policy origins. This dynamic can be observed through Figure 3.

Let it be assumed that two countries – Country A and Country B – start from similar positions with respect to socioeconomics (level of economic development) and policy origin designation (externally sourced). According to the central thesis of my research, the externally sourced policies of the two countries would produce fluctuating and lower levels of economic development, as depicted by point “1”. Additionally, let it be assumed that over time Country A modifies its policy origin orientation so that policies are internally rather than externally sourced, while Country B maintains its externally sourced policy orientation. Under key assumptions of my research, Country A should exhibit a development trajectory that is similar to point “2” of Figure 3. Country B’s trajectory should mimic point one prime (1’) of Figure 3. In this scenario, Country A’s trajectory following the shift in policy origin orientation is characterized by a steady climb with respect to its level of economic development. Although unanticipated factors such as
market shocks may interrupt Country A’s steady progress and periodically produce fluctuations in its ascent (point 2’), overall, its level of economic development should remain higher compared to Country B. This is because countries that are successful in transforming their political economy from underdeveloped to developed hardly ever regress back to their original state.\textsuperscript{77} On the other hand, Country B may continue to exhibit a development trajectory that is characterized by constant fluctuation and low levels of economic development.

Figure 3: Theoretical model of impact of policy origins on economic development

3.3: Definition and Operationalization of Selected Concepts

Economic and Social Development: Within the development literature, definitions of the concept of economic and social development generally reflect the perspective from which the

\textsuperscript{77} The assumption here is that while developed countries may occasionally encounter market shock that may require a reevaluation of fundamentals that undergird their political economy, there is no evidence in the literature on countries that have regressed from being economically developed back to their original state of underdevelopment. It is, however, possible for developed economies to experience imbalances in various aspects of their political economy, including, for example inequality in income distribution (Alvaredo and Piketty 2010), or gender differences (Mustard and Etches 2003).
analyst is reviewing a particular issue. For example, Ratsimbaharison (2003) has noted that “…most African leaders and policy makers tend to conceive economic and social development in terms of political and economic independence, [and] self-sufficiency and self-reliance.” On the other hand, representatives of developed countries generally define these terms in the context of “economic growth, increased economic opportunities, and political freedom” (emphasis in original).78 Ratsimbaharison reconciles these differences by noting that two key elements underlie the various definitions. First is the acknowledgement that “economic and social development includes, but is not limited to economic growth” as measured by changes in a country’s annual growth rate of gross domestic product (GDP). The second unifying element in Ratsimbaharison’s reconciliation is that economic and social development also “means a process of long-term improvement of the economic and social conditions of the large majority of the population of a given country” (emphasis in original).

Ratsimbaharison consequently defines economic and social development as a state whereby the majority of people in a given country experience “higher standards of living in terms of income, food and other forms of consumption, health, housing, [and] education” (social development), which is made possible by increased levels of economic activity (economic development). Indicators used by Ratsimbaharison to assess the level of each concept in a given society include annual growth rates of GDP, per capita gross national product, life expectancy at birth, and percentage of adult literacy. For this research, I apply Ratsimbaharison’s definition of economic and social development. This is because like Ratsimbaharison, I conceive of economic and social development as a long-term process that allows for translation of economic activity into improvements in living conditions for the individuals who are often the target of development.

78 See also Lwoga (1989).
policy. I, however, do not limit the list of indicators used in assessing these concepts to those identified by Ratismbaharison.

**Policy Origin:** For purposes of the present research, policy origin is defined as the internal or external source of a particular development policy. A policy’s source or origin is considered “internal” if its formulation, implementation, and enforcement are overwhelmingly driven by domestic factors. On the other hand, a policy’s source is considered “external” if forces outside the domestic country play a significant role in the formulation, implementation, and enforcement of the resulting policy. In establishing these definitions, it is important to note the following.

Historically, a country’s status within the international political economy is defined by whether the country is a net receiver of ODA, or a net provider of ODA (Alesina and Dollar 2000). Over the last three decades, however, actors and agents operating in the international development arena have expanded considerably to include not only countries involved in bilateral or multilateral assistance, 79 but also civil society groups, nonprofit organizations, private entities, and even individual contributors. 80 The influx of new actors in the international development system, however, has not changed the basic structure of the system in that at the highest level,  

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79 In international development, a bilateral arrangement is one where assistance or aid is on a country-to-country basis. That is, a sovereign country, such as the United States, may agree to offer assistance directly to another sovereign country, such as Ethiopia in exchange for certain concessions. In this type of arrangement, aid or assistance can take many forms and could be financial, knowledge transfer, weapons and munition, policy concessions (where the receiving country is asked to either implement, or not implement, a particular policy), or access to the domestic market. On the other hand, multilateral arrangements involve several countries that band together to offer aid and assistance to countries in need. The most common types of multilateral arrangements include the World Bank, International Monetary Fund, and the United Nations. Over the last two decades, regional organizations composed of sovereign countries have emerged to offer development assistance to countries in the respective region. For more on this and related changes to the international development system, see Coscia et al (2013).

80 Coscia et al (2013) offer a brilliant and useful analysis of how the international development space is organized. In fact, the authors empirically test the efficacy of the international development system, and conclude that in terms of coordination, the international development system achieves “about 60% of its theoretical maximum.” The proliferation of multiple agents in the international development system has raised critical issues concerning effectiveness, an issue that has been examined by several observers, including Easterly (2006) and Ulrich (2010).
the system involves interactions and relationships between two groups: Donors of aid, and Recipients of aid. The defining characteristic of this dichotomy is that in general, countries who are recipients of aid are subject to certain conditions, a good example of which is the conditionality that the World Bank attached to aid offered to Sub-Saharan African countries in the 1980s. Additionally and as an extension of aid conditionality, the Donor group is likely to prescribe rather than “negotiate” development policies for the Recipient group. While Owens (2002) characterizes in political realist terms as “policy imposition,” others characterize this dynamic as policy transfer or policy diffusion.

Policy transfer connotes a process whereby insights gained from the implementation of a particular policy are actively used to inform the development and implementation of policies in a different space. The theory of policy diffusion, on the other hand, postulates that over time and space, policy actors will implement a set of policies based on the previous success of a similar policy in a different space. In this sense, policy actors eventually come to realize the viability of a particular policy and then adopt it for application in their specific context. Importantly, both policy transfer and policy diffusion can have internal and external dynamics and the extent to which each dynamic exerts itself is dependent on whether the policy is being transferred (active participation by internal and external agents), or being adopted as a matter of time (passive involvement by internal and external agents in the process).

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81 See, for example, Stone (2000)
82 See, for example, Shipan and Volden (2008)
83 There is an abundance of research across disciplines on the factors that drive policy diffusion. In sociology, see, for example, Meyer and Rowan (1977) and Strang (1991); Huntington (1991) has conducted extensive research on policy diffusion pertinent to globalization of democratic principles; and in political science, the works of Collier and Messick (1975) as well as Walker (1969) and Gray (1976) are quite relevant to the subject.
84 The effects of policy diffusion in the United States, for example, is explored in Shipan and Volden (2008) as well as in Mooney (2001)
In development economics, concepts of policy transfer and policy diffusion are often conflated with respect to their role in the formulation of development policies. For example, Simmons and Elkins (2004) attribute the liberalization of markets in recent years to policy diffusion. The authors contend that certain countries, upon realizing other countries derive positive “payoffs” after liberalizing their economies, have followed suit and in turn open their markets to global competition. But such a line of argument simplifies the phenomenon and ignores the important fact that for the most part, countries have liberalized their markets not necessarily because of perceived benefits, but rather market liberalization has become a condition for countries to secure needed aid (Moyo 2009; Heagleman and Knack 2008). Moreover, in the international political economy, policy transfer is usually not an autonomous process. That is, even though a particular policy may have been successful and effective in a particular space (i.e., country), countries hardly adopt such processes unless incentivized to do so. Again, the incentive is usually the adopting country’s need for aid or assistance. A good example of policy transfer is the myriad economic development policy prescriptions that have been forwarded for Sub-Saharan African countries based on the success of East Asian countries such as South Korea (Page 1994). While Goldstein (1989), Bear (1995), and Heilmann (2008) have conducted research on processes through which development policies emerged in the East Asian, this research has not been articulated in the mold of policy origins as conceptualized in this research.

Another distinction between my conceptualization of policy origins and the literature concerns concepts of exogenous and endogenous economic development. In the 1980s, there emerged a school of thought that advocated for a shift from exogenous to endogenous policy making, with respect to international development (see, for example, Cappellin and Molle 1988). This push for a new paradigm resulted, in part, due to severe criticism levied on development agencies such as
the World Bank in the wake of SAPs and the rise of dependency theorists. At its core, the theory of endogenous development argued that policy interventions based on a “top-down” (or exogenous development) as exemplified by the World Bank and similar development agencies, “[carried] with them cultures and values associated with [the agencies formulating the policy]” and did not necessarily reflect local realities (Diochon 2003). By advocating for a “bottoms-up” approach, proponents of endogenous development contended that economic development is not necessarily driven by external economic factors, as assumed under the exogenous development model. Rather, proponents argued, within a given territory, “local (endogenous) economic and sociocultural factors interact to influence economic development” (Diochon 2003).

From this perspective, it would appear that the concept of endogenous development provides a theoretical grounding for this research’s conceptualization of Policy Origins. Indeed, my dichotomization of Internally Sourced and Externally Sourced policies would appear to be consistent with concepts of “Endogenous” and “Exogenous” development. And, while my conception of Sociopolitical Assumptions aligns well with general interpretations of endogenous development as forwarded in Diochon (2003), there is a significant distinction that must be noted. Whereas my conceptualization of policy origins – and in particular dynamics of internally sourced policies – accord a reduced role to external agents in the policy formulation process, in the endogenous development framework, such a distinction is not emphasized. To the contrary, endogenous development, as a conceptual framework, sees a significant role for external agents in the policy process. The main proposition from endogenous development is a call for external

---

agents to enhance the role and perspectives of domestic agents in the policy process.\textsuperscript{86} In this respect, the World Bank’s use of the Comprehensive Development Framework (CDF) as a mechanism to guide the formulation of development policy reflects the endogenous approach.\textsuperscript{87}

**Internally or Externally Sourced Policy:** A policy’s source is considered “internal” if its formulation, implementation, and enforcement are \textit{overwhelmingly} driven by domestic factors. An external agent may play a role in the policy formulation process, but the resulting policy does not reflect goals and objectives of the external agent. On the other hand, a policy’s source is considered “external” if forces outside the domestic country play a significant role in the formulation, implementation, and enforcement of the resulting policy.

**Policy Origin Orientation:** The term policy orientation has its roots in the seminal work of Harold D. Laswell (1950). Laswell first defines “policy” as “the most important choices made either in organized [that is, social] or private life,” and that “Policy Orientation is focused upon the scientific study of policy where the needs of policy intelligence are uppermost.” Similarly, Stahl et al (2002) define policy orientation as “a collection of strategies, policy statements, committee reports, and scientific studies that express the will of [a] government.” Interpretation of policy orientation as a methodological approach is also evident in Secchi et al (undated). I expand on these authors’ conceptualizations of “policy orientation” by adapting the definition to

\textsuperscript{86} A thorough and complete discussion of the theory, practice, and implications of endogenous development is beyond the scope of this dissertation. Chapter of Diochon (2003), however, provides an adequate treatment of the subject.

\textsuperscript{87} The CDF is framed around four principles: 1) Long-term, holistic development; 2) Results orientation; 3) Country ownership; and 4) Country-led partnership (World Bank 2003). The paradigm shift was intended to address critical gaps that analysts believed underlined the failure of SAPs (Drazen 2002), and the last two principles in particular were a direct response to the call for a “bottoms-up” approach to development. Diochon (2003) leads an informative discussion on the origins and challenges of endogenous development, as framed around policy ownership. See also Levinson (2002) and Easterly (2008).
my concept of policy origins. In doing so, I shift the focus of the conceptual definition by adding a *directional* element to the concept (Figure 4). In other words, I posit that a country can alternate between different policy origin regimes, and that the collection of “strategies, policy statements” and policy objectives in that particular period is what determines the country’s policy *origin* orientation for the period of interest. From this perspective, a country can have an internally sourced policy orientation in one period, and an externally sourced policy orientation in a latter period.

*Figure 4: Policy Origin Orientation Spectrum*

Because a country’s policy origin orientation can alternate across periods and from one period to the next, it is import to establish the process through which I will designate and characterize the policy origin orientation of the case study countries. To accomplish this objective, I will establish that if:

\[
P = \text{Policy “A” enacted in period } t
\]

\[
C = \text{Characteristics of policy A’s origin or orientation, where } C \text{ is either “internally sourced” (C}_1\text{) or “externally sourced” (C}_2\text{)}
\]

\[
G = \text{the group or set of policies enacted by Country X across a defined time period. In this case, the set of policies enacted by Country X during the defined time period can be grouped into “internally sourced policies” (G}_1\text{) and “externally sourced policies” (G}_2\text{).}
\]
For specific, individual policies, this approach will lead to policy origin orientation in the form of:

\[ P_1 = C_1 \text{ (Country X’s development policy at time } t_1 \text{ was externally sourced) and } \]
\[ P_2 = C_2 \text{ (Country X’s development policy at time } t_2 \text{ was internally sourced).} \]

By reviewing all available development policies implemented by Country X over an established period of time (say, a 20-year period), I can group and judge the different policies (P) by their directional orientation (C), and the collection of different policy sets with the same orientation will give us the orientation of that country in a defined time period in the form of:

\[ \{P_1, P_2, P_3 \ldots P_k\} = C_1 \xrightarrow{\text{yields}} G_1; \text{ or } \]
\[ \{P'_1, P'_2, P'_3 \ldots P'_k\} = C_2 \xrightarrow{\text{yields}} G_2; \]

In theory, and depending on the availability of relevant information, one could construct an infinite number of policy sets as well as orientation qualities or characteristics. For practical purposes, however, I will limit the values for both policy orientation (C) and country orientation (G) to two each, as noted above. For each of the countries selected and included in the case study, the final number of policies exhibiting the same orientation and thus constituting a policy set will obviously depend on availability of the requisite information for a given time period. Here, it is important to note that the theoretical model discussed under Figure 3 is a function of different policy sets for a given country as plotted.

Once the qualitative aspect of this research is established in the form of policy analysis, the quantitative aspect will look at a given country’s economic performance following policy implementation. For example, if the development plan was for five years, I will evaluate the country’s economic performance during the five years of the resulting policy’s lifecycle.
should be noted, however, that the effects of a particular policy on economic performance are hardly ever discreet since economic activity within a society is usually continuous, with initiatives and activities building on and reinforcing each other. My preference for discreet analysis, therefore, is deliberate. Ultimately, however, plotting a set of discreet economic performance outcomes for a particular country will produce a picture that is continuous in scope. The following example should help illustrate this point.

Let it be assumed that Country A implemented four broad development plans between 1970 and 1995. While each policy period is discreet (as in 1970 – 1975 = policy period 1; 1976 – 1980 = policy period 2, etc), together, they yield 23 data points which, when plotted in succession, gives a continuous picture of Country A’s economic development trajectory. The sample policy categorization, based on my notation above, is presented in Figure 5 while the sample growth chart is presented in Figure 6. In this example, trends in Country A’s economic performance, measured by GDP, reflect Country A’s policy orientation for the respective policy period. That is, GDP growth is generally negative in periods when Country A’s policy orientation were “externally sourced” and positive when policies were “internally sourced.” Of course, while GDP growth data used in the example are real, policy periods for Country A are simulated, thus the overall trend may be exaggerated. In other words, it is unlikely that Country A will consistently record very high GDP growth over the course of the final 10-year development policy, given the possible effects of market dynamics in a real political economy.

88 In performing such an analysis, I recognize the impact that time and policy gaps can have on economic performance. I address this issue and establish a mechanism for dealing with both temporal and policy gaps in chapter 4.
Figure 5: Sample policy categorization for Model Country

<table>
<thead>
<tr>
<th>Policy</th>
<th>Year Enacted</th>
<th>Years in Plan</th>
<th>Policy Origin Classification</th>
<th>Equation</th>
<th>Economic Performance (GDP Growth)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 5-Year Development Plan</td>
<td>1970</td>
<td>5</td>
<td>Externally Sourced</td>
<td>$P_1 = C_1 \rightarrow G_1$</td>
<td>Year 1: -27.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 2: -5.6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 3: 1.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 4: 1.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 5: -11.9%</td>
</tr>
<tr>
<td>Second 5-Year Development Plan</td>
<td>1976</td>
<td>5</td>
<td>Internally Sourced</td>
<td>$P_2 = C_2 \rightarrow G_2$</td>
<td>Year 1 (6): 3.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 2 (7): 6.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 3 (8): 5.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 4 (9): 8.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 5 (10): 6.9%</td>
</tr>
<tr>
<td>Three-Year Development Plan</td>
<td>1982</td>
<td>3</td>
<td>Externally Sourced</td>
<td>$P_3 = C_1 \rightarrow G_1$</td>
<td>Year 1 (11): -0.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 2 (12): -7.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 3 (13): -0.3%</td>
</tr>
<tr>
<td>First 10-Year Development Plan</td>
<td>1986</td>
<td>10</td>
<td>Internally Sourced</td>
<td>$P_4 = C_2 \rightarrow G_2$</td>
<td>Year 1 (14): 6.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 2 (15): 5.7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 3 (16): 9.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 4 (17): 11.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 5 (18): 15.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 6 (19): 17.0%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 7 (20): 21.2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 8 (21): 20.1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 9 (22): 19.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Year 10 (23): 17.6%</td>
</tr>
</tbody>
</table>

Figure 6: Economic growth chart for Model Country
Policy Process: The public policy literature on the policy process is quite expansive (see, for example, Hofferbert 1974; Kingdon 2003; Sabatier 1988; and Weible et al 2012). The primary focus of research on the subject, in general, is to understand approaches and mechanisms by which a policy comes to be, and how the behavior of actors influence that approach or process. For purposes of this research, my concern is not to dissect nuances and intricacies of the policy making process. While some elements of the policy process identified in the broader literature are reviewed and discussed over the course of the research, I focus my discussion on the policy process, in the context of economic development, on three broad aspects of the overall process: formulation; implementation; and enforcement. In this regard, I define the policy process as the series of activities that affect ultimate performance of a resulting policy, primarily due to the actions and behavior of social agents during the three specific phases (formulation, implementation, and enforcement).

3.4: Sampling Strategy and Case Selection

Within the broader context of economic development in Sub-Saharan Africa, a host of countries could as case study countries given relative similarities in the economic development experiences of Sub-Saharan African countries, with some exceptions. Economic development in South Africa generally takes on a character that is different from the rest of Sub-Saharan African countries. In part, while the harshness of colonialism in South Africa is not different from experiences across the region, South Africa’s experience with apartheid\(^\text{89}\) resulted in a political economy that is markedly different from the political economy of Sub-Saharan Africa as a whole. In South Africa, because the colonizing Afrikaans intended to live and permanently rule South Africa, they created political economy structures that successfully integrated the South

\(^{89}\) For a complete review of the origins and impact of apartheid in South Africa, see Dubow (1989)
African economy into the global economy, unlike the rest of Sub-Saharan Africa where colonial policies focused on resource extraction and marginalization of domestic economies. As such, by the time apartheid ended in 1992, South Africa possessed a solid industrial base on which it could build and continue to develop its economy. For comparative purposes, therefore, any study of Sub-Saharan Africa’s political economy that includes South Africa will likely be imbalanced, and many analysts either wholly exclude or caveat the experience of South Africa in their review of economic development in Sub-Saharan Africa.

In recent years, Rwanda, Ghana, and Burundi have emerged as among Sub-Saharan African countries experiencing a positive development trajectory relative to the rest of the continent. The experiences of Rwanda and Burundi are embryonic and therefore may not yield the necessary insights, with respect to the focus of this dissertation and the historical context within which I aim to explore the relationship between policy origins and economic development. While the remaining 42 Sub-Saharan African countries are all viable candidates for a case study, I have identified Tanzania as the representative Sub-Saharan African country.

Among the East Asian countries, South Korea is often considered the most successful in terms of its ability to achieve and sustain high levels of economic development. I have therefore selected South Korea as the representative East Asian country to be studied for comparative purposes. Table 1 outlines elements and features that are common to South Korea and Tanzania with respect to their pursuit of economic development between 1960 and 1980.

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90 For a review of structural differences between South Africa’s economy and the rest of Africa, see Padayachee (2005)
91 Milkman (1977) provides a useful overview of South Africa’s industrial base
Table 1: Comparison of case study countries

<table>
<thead>
<tr>
<th>South Korea</th>
<th>Tanzania</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Experienced colonialism until 1948</td>
<td>• Experienced colonialism until 1960</td>
</tr>
<tr>
<td>• Immediate postcolonial period characterized by extreme poverty</td>
<td>• Immediate postcolonial environment characterized by extreme poverty</td>
</tr>
<tr>
<td>• Political instability prior to 1960</td>
<td>• Postcolonial economy predominantly agrarian</td>
</tr>
<tr>
<td>• Postcolonial economy predominantly agrarian</td>
<td>• Postcolonial reconstruction led by one party rule</td>
</tr>
<tr>
<td>• Postcolonial reconstruction led by one party rule</td>
<td>• Preference for “internally sourced policies” during pursuit of economic development (1960 – 1980)</td>
</tr>
<tr>
<td>• Preference for “internally sourced policies” during pursuit of economic development (1960 – 1980)</td>
<td>• Focused on a uniquely “Tanzanian” or African approach to the pursuit of economic development between 1960 and 1980</td>
</tr>
<tr>
<td>• Focused on a uniquely “Korean” approach to the pursuit of economic development between 1960 and 1980</td>
<td>• Generally considered a failure with respect to the pursuit of economic development</td>
</tr>
<tr>
<td>• Generally considered a success and a model for the pursuit of economic development</td>
<td>• Generally considered a failure with respect to the pursuit of economic development</td>
</tr>
</tbody>
</table>
3.5: Analytic Strategy

Figure 7 illustrates the overall analytic strategy for integrating qualitative and quantitative aspects of this research.

The analytic framework for the qualitative portion of the study will be based primarily on country case studies. Drawing from existing literature, this component of the study involves a review of the context and circumstances under which development policies were formulated, implemented, and enforced in the case study countries during the time period of interest. In so doing, emphasis will be placed on evaluating factors that influenced key decisions, mechanisms
for finalizing and making those decisions official, approaches for integrating finalized decisions into broader national government activities, as well as methods through which the resulting policy was made “legal” and enforced. As a result of dynamics influencing the formulation and implementation of development policy within the international political economy, a country’s development strategy can typically be identified through a mix of documents, including:

- **Poverty Reduction Strategy Paper (PRSP):** Since 1999, the IMF and World Bank have required member countries to prepare PRSPs as a condition for accessing IMF and World Bank funding for development projects. Since the scope and purpose of PRSPs are intended to address the respective country's macroeconomic, structural and social policies and programs over a three-year or longer horizon, they are good source for identifying a country’s overall economic development strategy..

- **Country Assistance Strategy (CAS):** A country assistance strategy (CAS) is a document that lays out how the World Bank generally interacts with and support development goals of member countries. In recent years, the World Bank has replaced CAS with its Country Partnership Framework (CPF), the product of which is the Country Partnership Strategy (CPS) to which the respect country is bound in formulating and implementing its development strategies and policies. The combination of these frameworks and resulting documents can therefore provide insights into how certain countries plan for economic development.

- **Country-Specific Development Plans (CSDP):** As previously noted, it is commonplace within international development for countries to produce Development Plans that set the country’s economic development goals, objectives, and strategies over a determined

---

period of time. CSDPs may be produced either in consultation with, or independent of Donor agencies. For example, during early parts of its economic development experience, South Korea produced periodic Development Plans in collaboration with the World Bank, United States, Japan, and even Germany. By the late 1970s, however, development planning was entirely and wholly a South Korean affair. For the two case study countries included in this evaluation, CSDPs will be the main documents analyzed for determining policy origins. This is mainly due to the fact that other policy-based documents such as PRSPs were not a formal part of the economic development landscape until at least the 1980s.

Each CSDP reviewed will then be categorized as either “externally sourced” or “internally sourced,” in accordance with the criteria I have established for evaluating policy origins. These, again, include:

- **Role and extent of external agent influence in the formulation, implementation, and enforcement of development policy.** This criterion is based on the literature’s broad perception that extensive external influence has a tendency to adversely affect resultant policies, especially when it comes to implementation (Karp and Perloff 1995; Redd 2002). In the context of my research, CDSPs that demonstrate extensive external agent influence – whether in the form of actual policy prescriptions or use of aid as an incentive for adopting a favored policy objective – will be classified as “externally sourced.”

- **Acceptability of the resulting policy to external agents.** There is evidence within the development literature to suggest that when a country’s development strategy or policy does not comply with external agent expectations, the resultant policy is often rejected by the international community (Ratsimbaharison 2003). Moreover, policies that are
formulated with limited external agent role or influence are more likely to exhibit noncompliance with external agent expectations, and are thus more likely to face criticism and rejection from external agents. Consequently, CDSPs whose objectives and implementation faced adverse external agent reaction – whether through outright rejection of the policy or through strategic withdrawal of external funding – will be categorized as “internally sourced.”

- **Alignment of policy goals with broad social expectations.** This criterion derives from the literature’s acknowledgement that policies that do not align with social expectations are more likely to fail to achieve their stated objectives (Karp and Perloff 1995). Moreover, given the Donor Agency – Recipient Country dynamic in the formulation of development policy in the international political economy, this criterion offers that “internally sourced” policies are more likely than “externally sourced” development policies to reflect broad expectations of the society in question. Even though the World Bank’s CDF attempts to capture and reflect domestic stakeholder expectations in development documents such as PRSPs, CASs, and CPS, Pender (2001) has shown that these efforts are often cosmetic on the part of the domestic government. Thus, in my construct, I posit that only an “internally sourced” development policy has the ability to effectively align policy goals with broad social expectations.

- **Policy Continuity.** This criterion is not necessarily linked to the review of CSDPs. Instead, it is included as a result of the literature that notes that with respect to economic development in Sub-Saharan Africa, there is a tendency for successive governments to disregard development strategies and policy initiatives of previous governments. The result of this phenomenon is the inability of development policies to produce expected
outcomes since they often encounter disruption in their lifecycle (Makinde 2005). Thus, while policy continuity is not an explicit criterion for categorizing policy origins, it offers an opportunity to examine how economic performance outcomes from one policy period influenced the formulation and implementation of strategies in subsequent policy periods.

I will apply quantitative analysis as a supplement to the qualitative analysis on policy origins. The purpose of this supplementation is to help establish an outline of the relationship between policy origins and economic development. Certainly, I recognize that determining the strength and validity of this relationship, if any, requires a more explicit econometric formulation that allows for robust assessment of the variables I have identified and established for this study. Nonetheless, I believe that once the policy origin of a particular policy period is established, the general contours of economic performance during that period can provide a basis for further exploring dynamics of the relationship between policy origins and economic development. For the quantitative analysis, I leverage indicators of economic development developed and defined by the World Bank, the United Nations, and International Monetary Fund, unless otherwise noted.

The process for selecting and including indicators was quite simple, and first involved accessing and reviewing “Featured Indicators” presented on the World Bank’s public website. Selecting all featured indicators produced 585 records. Upon initial review, it became apparent that several indicators were classified under multiple categories. For example, the indicators “Merchandise Exports” and “Merchandise Imports” are classified under both the “Private Sector” and “Trade” categories, which in effect inflated the total number of indicators available for evaluation. To address the issue of duplication, the first classification of the indicator was selected. This resulted
in 332 unique indicators, a 57% reduction in the total number of featured indicators. Next, indicators that do not have direct relevance to the subject at hand, such as the cost of doing business, were eliminated from consideration. Table 2 summarizes the indicator review and selection process, and Appendix B provides expanded descriptions for selected key indicators.

Table 2: Summary of economic indicator selection

<table>
<thead>
<tr>
<th>Indicator Category</th>
<th>Number of Records</th>
<th>Unique Indicators Reviewed</th>
<th>Unique Indicators Selected</th>
<th>% of Selected Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and Rural Development</td>
<td>25</td>
<td>25</td>
<td>1</td>
<td>2.9%</td>
</tr>
<tr>
<td>Aid Effectiveness</td>
<td>20</td>
<td>20</td>
<td>5</td>
<td>14.3%</td>
</tr>
<tr>
<td>Climate Change</td>
<td>36</td>
<td>25</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Economy and Growth</td>
<td>40</td>
<td>34</td>
<td>22</td>
<td>62.9%</td>
</tr>
<tr>
<td>Education</td>
<td>41</td>
<td>39</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Energy and Mining</td>
<td>16</td>
<td>11</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Environment</td>
<td>32</td>
<td>9</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>External Debt</td>
<td>19</td>
<td>6</td>
<td>1</td>
<td>2.9%</td>
</tr>
<tr>
<td>Financial Sector</td>
<td>30</td>
<td>25</td>
<td>3</td>
<td>8.6%</td>
</tr>
<tr>
<td>Gender</td>
<td>60</td>
<td>33</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Health</td>
<td>62</td>
<td>35</td>
<td>1</td>
<td>2.9%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>20</td>
<td>11</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Poverty</td>
<td>23</td>
<td>18</td>
<td>1</td>
<td>2.9%</td>
</tr>
<tr>
<td>Private Sector</td>
<td>32</td>
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<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Public Sector</td>
<td>19</td>
<td>9</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Science and Technology</td>
<td>12</td>
<td>8</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Social Development</td>
<td>20</td>
<td>1</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Social Protection and Labor</td>
<td>49</td>
<td>2</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Trade</td>
<td>16</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Urban Development</td>
<td>13</td>
<td>2</td>
<td>1</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>585</strong></td>
<td><strong>332</strong></td>
<td><strong>35</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

3.6: Data Sources and Study Limitations

Information on the countries included in the study is sourced from various channels. Data for qualitative analysis are sourced from documents accessed through, among others, the World Bank (www.worldbank.org), United Nations (www.un.org), the United Nations Development Program (www.undp.org), and the International Monetary Fund (www.imf.org). Information
from these sources typically provide initial insights that were then further explored through other channels (such as through South Korea’s Ministry of Finance). Although bilateral agreements play a critical role in the economic development experience of countries selected for case studies, this research does not include bilateral agreements in the analysis for the primary reason that such agreements are typically an extension of multilateral development goals documented in PRSPs, CASs, or CPSs. For example, the United States Agency for International Development (USAID) may dispense aid to a certain country on condition that the receiving country works to meet the United Nations’ MDGs. In such cases, it is more efficient to review the receiving country’s broader economic development policy within the MDG framework, rather than a specific bilateral agreement that is influenced by the broader MDG goals. Indeed, a country could have multiple bilateral agreements around the same MDG goal, which could prove problematic if intents of the different bilateral agreements do not align with each other. Additionally, information from public websites maintained by the respective country’s government was consulted when necessary, as described in Table 3:

Table 3: Country-specific public websites sourced for information

<table>
<thead>
<tr>
<th>Country</th>
<th>Website</th>
<th>Description of Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanzania</td>
<td><a href="http://www.tanzania.go.tz">www.tanzania.go.tz</a></td>
<td>This is a comprehensive website that documents various aspects of Tanzania’s political economy. The site also provides access to specific policies and country-specific data.</td>
</tr>
<tr>
<td>South Korea</td>
<td><a href="http://www.korea.net">www.korea.net</a></td>
<td>This is the official website of the Government of South Korea. The site provides information on various aspects of South Korea’s political economy, including economic development, history, and policies.</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.countrystudies.us">www.countrystudies.us</a></td>
<td>Website is maintained by the Federal Research Division of the US Library of Congress. Provides historical information on the political economy of selected countries, including South Korea.</td>
</tr>
</tbody>
</table>

93 Mishra (2004) presents a useful review and critique of the MDGs
Finally – and with respect to methodology – my research relies mainly on secondary sources for both quantitative and qualitative data. While primary data (such as surveys and interviews) could help augment insights and conclusions drawn from the study, various resource constraints precluded my ability to conduct primary research on the relationship between policy origins and economic development in the case study countries. I believe that such an effort could augment the level and quality of insights that can be drawn by observing the relationship between policy origins and economic development. As such, I strongly recommend the inclusion of primary data collection and analysis methods in any future investigation into the effects of policy origins on economic development.
Chapter 4: Economic Development in South Korea (1960 – 1980)
There is extensive documentation in the development literature with respect to South Korea’s successful transition from a poor to developed country within a period of two decades (1960 – 1980). The rapidity with which South Korea achieved economic success seemed like an anomaly to observers of international political economy because in fundamental ways, the South Korean experience challenged predominant ideas of how countries achieve economic development (Datta 1987; Kim and Im 2001).

The ‘developmental state,’ which was the preferred paradigm for economic development in South Korea and whose basic elements contradicted the neoliberal model of economic development, in effect, became the prism through which viable options for economic development were explored for poor countries in Sub-Saharan Africa and other parts of the world (Minns 2001a; Yap 2010; Chaudhuri 1996; Saez and Gallagher 2009; Jun 1992; Kim 1999). As a result of this contradiction, analysts like Yap (2010) reframed the narrative to highlight how countries such as South Korea “weathered democratization” by strategically allocating resources “without undermining democracy” to make the state-led development paradigm more palatable. For its part, the World Bank maintained a focus on the quality of policy choices as the solution to Sub-Saharan Africa’s development challenges, and this led to the availability several policy-centric prescriptions through the works of Bae (1989), Deyo (1987), Fields (1994), Minns (2001b), and Kong (2005). Structural analysis, which was limited to the export and import composition of South Korea’s economy and not necessary the interplay between state and non-state actors in South Korea’s pursuit of economic development, were explored through works by Haggard et al (1991). Relatedly, Hattori (1999) and Hyun et al (1979)
assessed the South Korean experience and forwarded recommendations on the process of technology accumulation and domestic savings mobilization, respectively.

The combination of policy and structure-informed recommendations for Sub-Saharan Africa and other developing countries, however, have failed to produce outcomes that resemble South Korea’s success. In explaining this failure, the South Korean narrative was expanded to highlight culture as the thread that allowed South Korea to effectively link policy choices with technological accumulation to drive structural changes in the country’s economy (Kwon 2011). A more explicit formulation of the culture argument was framed in the mold of a “Confucian Ethic,” whose focus on family, subservience to authority, and a general preference for order underlined South Korea’s economic development (Shin 2012). Here, the scholarly interest appeared to have been an attempt to draw parallels with Max Weber’s (1976) argument that the rise of capitalism in the West is owed to a “Protestant Ethic” that conceived of hard work as the pursuit of a supreme, spiritual objective. Since Protestant missionaries historically influenced education in South Korea (Savada and Shaw 1992), detecting and aligning a “Confucian Ethic” with a “Protestant Ethic” appears to be intellectually reasonable, even if some regional analysts (Yoon 1990; Yun 2010) strongly reject cultural determinism in the South Korean experience. It is worth noting that although the bulk of the literature on economic development in South Korea is dedicated to understanding factors and mechanics underlying the country’s success, there are analyses that assess resultant issues such as inequality (Yun 2009; Rhee 1973), political

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94 In a recent iteration of the relationship between religion, work ethic, and economic development, Waddell (2015) has argued that the concept of Lean Manufacturing, based on the Japanese system of management that has been widely associated with high efficiency and profitability, owes its success to the spiritual essence of the concept. For Waddell, the “moral component” of leadership facilitates a collective approach to the pursuit of a common goal. Individuals involved in the process (not just management), see their work as the pursuit of a greater, ethereal, objective – which is the betterment of the world as a whole. Although Waddell’s analysis focuses on Japan, his underlying concepts reflect general interpretations and influence of Confucianism in Japan, South Korea, and the broader East Asia region.
development (Rahman 1999; Lee 1992; Lim and Hwang 2001; Park 1981), and the very nature and content of South Korea’s industrial and monetary policies (Korean Development Institute 2015).  

Given the breadth of the literature on South Korea’s economic development experience, in conducting this case study, I will limit my focus and analysis to:

1. The period between 1960 and 1980 as the temporal point of interest in the historiography of South Korea’s political economy. Although critical decisions and activities took place before and after this period, the literature generally designates this period as the time during which the “miracle” of South Korea’s economic development took place (Graham 2003; Minns 2001a; Han 2014). Pegging my analysis to this period, consequently, ensures consistency with the broader literature and allows for a thoughtful evaluation of elements and factors that made this period in South Korea’s history unique.

2. Evaluation of development policy formulation, implementation, and enforcement in South Korea during this time period. My focus in conducting this research is not to assess the value of a particular policy choice as preferable over others, nor am I interested in whether a particular strategy of economic organization, such as export-led growth or import substitution, offers the best path to transforming the political economy of underdeveloped societies. Rather, I am interested in observing whether dynamics of South Korea’s development policy process reflect elements of internally sourced and externally sourced policies, in the way I have operationalized policy origins. Further,

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95 For a comprehensive review of issues attendant to South Korea’s economic development, see “The Miracle with a Dark Side: Korean Development under Park Chung-Hee,” which is reviewed in chapter 2 of Graham (2003).
because economic development policies enacted during this period all took place under a single regime, the policy environment remained relatively constant. In the context of my dissertation, this is an important advantage since the constancy allows for controlling possible variations in the content, strategic objectives, and performance targets of the respective policies.

3. Relatedly, my analysis of the policy environment will focus on the structure and actions of South Korea’s Economic Planning Board (EPB). Between 1960 and 1980, the EPB was the primary body in South Korea for formulating, implementing, and enforcing development policies. Vested with full authority, not only did the EPB determine the content and focus of respective policies, it was also responsible for budget and resource allocation. In addition, the EPB’s organizational structure as well as the level of oversight it exercised over other government agencies and the South Korean economy at large reflected the overall focus of the South Korean government. In this regard, the EPB serves as a useful mirror for observing both internal and external dynamics that influenced economic development policies during the period under study.

4. I have noted that a key gap in my research is the absence of primary data or field research due to resource constraints. The virtue of field research would be the ability to generate in-country accounts not only of development policymaking in South Korea between 1960 and 1980, but also the conditions under which entities such as the EPB carried out its functions. This deficit notwithstanding, I believe a 2014 review of the EPB by the Korean Development Institute (KDI), under the authorship of Han (2014), is an acceptable proxy for understanding the environment within which the EPB executed its
responsibilities. Indeed, the KDI report is comprehensive to the extent that it addresses key research questions that would have been posed in exploring my central hypothesis. These include:

a. Understanding domestic and international conditions at the time the EPB was established;
b. The EPB’s organization and structure;
c. The EPB’s process for formulating and coordinating development policies among various government agencies with a role in economic development;
d. The EPB’s process for formulating, implementing, and operating economic development policies; and
e. Internal and external factors underlying the EPB’s success and by extension, South Korea’s success at achieving economic development. This is perhaps one of the most important aspects of the report, given the focus of my research and proposed theory. With respect to internal dynamics, the KDI report also evaluates the “institutional aspect” as well as “behavioral and cultural aspects” that shaped South Korea’s economic development policy process between 1960 and 1980.

Although my conceptualization of policy origins is distinct from cultural determinism, the KDI analysis reveals certain characteristics that are representative of how I’ve operationalized policy origins. For example, my criterion regarding the role of external agents in the policy making process, as

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96 Han, S. (2014). *Operation of the Economic Planning Board in the Era of High Economic Growth in Korea.* Report issued by the Korea Development Institute School of Public Policy and Management in partnership with the Ministry of Strategy and Finance, Republic of Korea.
well as my framing of the alignment between policy goals and broader social expectations, approximates the KDI’s framing of domestic policy ownership.

5. Ultimately, my goal for this case study is to tease out elements of the South Korean experience that reflect the central hypothesis of my research, in hopes of providing a framework through which analysts may further refine and empirically explore the theorized relationship between policy origins and economic development. While acknowledging the intricacies and breadth of factors weighing on the economic development process, I have purposefully narrowed the scope of my analysis so as to highlight an aspect of the debate that I believe has received less attention in the literature.

### 4.1: Historical Review of Economic Development in South Korea

**South Korea: A Country Profile**

There are excellent resources within the literature that provide a comprehensive review of the political history of South Korea. The work by Kim (2012) is particularly useful for tracing the history of events in the Korean peninsula that ultimately resulted in the formation of the South Korean nation. Kim marginally addresses South Korea’s economic development between 1960 and 1980, but the outline of South Korea’s experience with monarchies as well as exposure to colonialism are highly important to understanding the context within which South Korea’s pursuit of economic development took place. Prior to Japanese colonialization, Korea experienced several monarchic regimes that influenced the nature of education, self-awareness, and social values, all of which have been identified as critical in South Korea’s economic
development experience.\textsuperscript{97} While Kim (2012) focuses on the historical structure and influences of South Korean society, Brazinsky (2007) and Robinson (2007), through a political lens, highlight the process of establishing the South Korean nation following Japanese colonialism, US trusteeship, and the Korean War. As a complement to Kim, these works offer a broad understanding of the sociopolitical context for economic development in South Korea during the time period of interest to this research. Finally, Savada and Shaw (1992), in a country profile for the US Central Intelligence Agency (CIA), offer perhaps the most comprehensive (though not excessively detailed) documentation of South Korea’s political, social, and economic history.\textsuperscript{98} My overview of South Korea’s history, unless otherwise noted, draws significantly on these sources.

\*

\textsuperscript{97} See, for example, Kwon (2011) and Shin (2012).

\textsuperscript{98} Savada and Shaw (1992) offer snapshots of different aspects of South Korean society. Thus, while the authors document various aspects of South Korean society, no particular subject is given full and extensive treatment. The authors are successful at highlighting the historical trajectory of South Korean society, including succinct framing of the issues that shaped the country’s identity and experience to-date. However, other resources are required for full exploration of all pertinent subjects.
The Republic of Korea (henceforth South Korea), an East Asian country with a population of more than 51 million,\textsuperscript{99} is bounded to the east by the Sea of Japan and to the West by the Yellow Sea. South Korea’s southernmost land neighbor is Japan. The division of the Korean peninsula at the 38\textsuperscript{th} parallel latitude following World War II established North Korea as South Korea’s most immediate neighbor to the north. The Korean peninsula and associated islands comprise a total land area of approximately 221,000sqkm, 45\% of which make up the territory of South Korea. More than 70\% of South Korea’s landmass is made up of mountains and highlands, and the landscape is further characterized by three major rivers (the Naktong River, the Han River, and the Kum River). In terms of land use, just over 15\% of South Korea’s total landmass is arable,

\textsuperscript{99} Based on 2016 United Nations country statistics. For more, see www.un.org.
with permanent cropland and permanent pasture accounting for 2.2% and less than 1% of land use, respectively. Although an estimated 64% of South Korea’s total land area is considered forest, natural resources are scarce and are limited to coal, tungsten, molybdenum, and lead.

South Korea’s limited natural resource endowment has played an important role in the country’s transition from an agricultural to industrial economy. Recent data on South Korea’s political economy, as compiled by the United Nations,\textsuperscript{100} show that between 2005 and 2010, agriculture’s total contribution to the South Korean economy declined from 3.5% to 2.5%, and further declined to 2.3% in 2014. Conversely, manufacturing’s gross value add to the South Korean economy increased from 37.5% in 2005 to 38.3% in 2014, with services accounting for approximately 60% of total value add. The productive capacity of respective segments is reflected in the distribution and labor structure of South Korea’s economy. In 2014, just 6% of the country’s total labor force was engaged in agricultural production, compared to 24% and 70% in services, respectively. Considering that prior to 1960 agricultural production consistently accounted for 50% of all economic activity in South Korea, it is not surprising that the shift from agricultural to industrial production is generally seen as the basis for South Korea’s economic development success (Datta 1987; Frank et al 1975; Zhang 1998).

South Korea currently boasts one of the most complex economies in the world. According to Observatory of Economic Complexity (OEC) data, in 2015, South Korea posted an Economic Complexity Index (ECI) of 1.97, the third highest ranking among the 184 countries for whom data are available. South Korea’s ECI ranking was superseded by only Switzerland (2.12) and

Japan (2.35). What is more, in 2015 South Korea’s export portfolio contained 249 different products with “revealed comparative advantage,” meaning the share of each product’s export is larger than would be expected given the size of the global market for that product (OEC 2017). Only Japan, with 352 products that offer comparative advantage in the global market, had a stronger portfolio. In other words, South Korea has been able to establish a diversified economy that allows the country to remain competitive globally. Selected indicators of South Korea’s export and import profile are presented in Table 4.

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101 The Economic Complexity Index (ECI) is a measure developed by The Observatory of Economic Complexity (OEC) project at the Massachusetts Institute of Technology. ECI measures the network of products that are “likely to be co-exported and can be used to predict the evolution of a country’s export structure.” Additional information on the ECI can be found at http://atlas.media.mit.edu/en/profile/country/kor/#Economic_Complexity_Ranking.

102 It is important to distinguish between three general types of advantage that an entity (in this case a country) can enjoy with respect to economic activity. Comparative advantage generally refers to the ability of a country to produce or offer certain goods and service a lower opportunity cost, in other words, more efficiently than other producers of the same good or service. This is the basis of classical economic theory with respect to trade. When the advantage involved in producing the good is related to the cost of production, the entity is said to enjoy absolute advantage in the production of that good. Competitive advantage, on the other hand, refers to specific mechanisms that an entity (usually a firm) may use to differentiate and make a particular product more attractive in the market. Such mechanisms may be in the form of lower prices, enhanced services, or some other benefit that from a consumer’s perspective, adds additional value to the product of interest. For further reading, see Gupta (2009).
Table 4: Selected indicators of economic performance in South Korea

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
<th>% Indicator Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Rank (2015 Exports)</td>
<td>5th</td>
<td></td>
</tr>
<tr>
<td>Total Exports (2015), US$ Billion</td>
<td>538</td>
<td></td>
</tr>
<tr>
<td>Integrated Circuits</td>
<td>63</td>
<td>11.7%</td>
</tr>
<tr>
<td>Cars</td>
<td>41.9</td>
<td>7.8%</td>
</tr>
<tr>
<td>Refined Petroleum</td>
<td>29.5</td>
<td>5.5%</td>
</tr>
<tr>
<td>Passenger and Cargo Ships</td>
<td>21</td>
<td>3.9%</td>
</tr>
<tr>
<td>Vehicle Parts</td>
<td>20.4</td>
<td>3.8%</td>
</tr>
<tr>
<td>Top Export Destinations (2015), US$ Billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>131</td>
<td>24.4%</td>
</tr>
<tr>
<td>United States</td>
<td>72.7</td>
<td>13.5%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>26.6</td>
<td>5.0%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>26.3</td>
<td>4.9%</td>
</tr>
<tr>
<td>Japan</td>
<td>25.5</td>
<td>4.7%</td>
</tr>
<tr>
<td>Total Imports (2015), US$ Billion</td>
<td>423</td>
<td></td>
</tr>
<tr>
<td>Crude Petroleum</td>
<td>50.6</td>
<td>12.0%</td>
</tr>
<tr>
<td>Integrated Circuits</td>
<td>31</td>
<td>7.3%</td>
</tr>
<tr>
<td>Petroleum Gas</td>
<td>20.5</td>
<td>4.8%</td>
</tr>
<tr>
<td>Refined Petroleum</td>
<td>14.6</td>
<td>3.5%</td>
</tr>
<tr>
<td>Cars</td>
<td>9.8</td>
<td>2.3%</td>
</tr>
<tr>
<td>Top Import Destinations (2015), US$ Billion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>90.1</td>
<td>21.3%</td>
</tr>
<tr>
<td>Japan</td>
<td>44.6</td>
<td>10.5%</td>
</tr>
<tr>
<td>United States</td>
<td>42.7</td>
<td>10.1%</td>
</tr>
<tr>
<td>Germany</td>
<td>20.2</td>
<td>4.8%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>17.7</td>
<td>4.2%</td>
</tr>
<tr>
<td>Trade Surplus (2015), US$ Billion</td>
<td>115</td>
<td></td>
</tr>
<tr>
<td>Total GDP (2015), US$ Trillion</td>
<td>1.38</td>
<td></td>
</tr>
<tr>
<td>GDP per Capita (2015), US$ Thousand</td>
<td>35</td>
<td></td>
</tr>
</tbody>
</table>

Data Source: OEC. Percentages my calculations

As of 2015, South Korea had the fifth largest economy in the world, as measured by exports. As shown in Table 4, total values for South Korea’s exports and imports were $538 billion and $423 billion, respectively, generating a trade surplus of $115 billion. Looking at Table 4, it is important to note that more than 50% of South Korea’s total imports were from China, Japan, United States, Germany, and Saudi Arabia, all of whom are countries that have played a central role in South Korea’s economic development. For example, Japan, United States, and Germany
provided critical financing while Saudi Arabia served as an export market for South Korean labor in the 1970s. Similarly, South Korea’s decision to support the United States with troops during the Vietnam War created a market for South Korean goods, a relationship that has endured with evolution of the South Korean economy (Jinwung 2012). As shown in Figure 9 below, with the exception of the three-year period between 1995 and 1997, South Korea has consistently recorded a positive trade surplus (defined as the difference between total exports and total imports). In 1995, South Korea’s economy posted negative terms of trade in the amount of approximately $1 billion, which quickly increased to negative $11 billion by 1996. By 1997 – the start of the Asian financial crisis¹⁰³ – South Korea’s trade deficit was approximately $4 billion. What is remarkable is the speed with which South Korea’s economy recovered from the Asian financial crisis. By 1999, South Korea was again posting positive terms of trade to the tune of more than $49 billion.

¹⁰³ The Asian financial crisis originated in Thailand with collapse of the Thai currency, the Bhat and eventually spread to adversely impact virtually all economies in East Asia, including South Korea. For further reading on origins of the crisis and its impact on the South Korean economy, see Capps and Panayiotopoulos (2001).
Although the magnitude of year-over-year change in South Korea’s terms of trade was modest, an upward trend persisted until the global economic recession of 2008. Similar to how it responded to the Asian financial crisis of 1997, not only did South Korea demonstrate expediency in recovering from the 2008 global economic recession, but its positive trade surplus expanded significantly. In 2015, South Korea’s trade surplus was positive at $115 billion – its largest trade differential going back to 1995. During the same period, South Korea had a total GDP of $1.3 trillion as able to maintain the structural integrity of its economy.\textsuperscript{104}

In many ways, sustained economic performance has produced discernible changes in the structure and character of South Korean society. According to the United Nations 2016 Human

\textsuperscript{104} Latin American countries like Brazil, Argentina, and Chile all used methods similar to that of South Korea to pursue economic development in the 1960s. These countries, however, have not been able to sustain their economic performance in the same way as South Korea has been able to do (Kay 2002; McGuire 1994; Jenkins 1991).
Development Report (HDR), South Korea’s Human Development Index (HDI)\textsuperscript{105} ranked 18\textsuperscript{th} in the world in 2015, compared to 31\textsuperscript{st} fifteen years prior. Additionally, in 2015, the average life expectancy at birth in South Korea was 82.1 years, up from the 1998 average of 72.6 years.

Economic progress has also had an impact on South Korea’s population dynamics. In 2015, 83\% of South Koreans lived in urban areas. The population density was approximately 530 people per square kilometer of land area, a relatively high rate compared to the average density of 116 people per square kilometer for the East Asia and Pacific region. However, as an indicator of how economic progress has impacted health outcomes, South Korea’s mortality rate, defined as the probability that a 15-year old will die before reaching the age of 60, was 90 per 1,000 for men and 37 per 1,000 for women in 2015; mortality rates for men and women in East Asia during the same period were 134 per 1,000 and 90 per 1,000, respectively. Sustained economic growth, coupled with relatively low population growth, has also led to steady increases in individual income. Between 1990 and 2015, South Korea’s economy, measured by GDP, grew at an average rate of 5\%. Over the same period, South Korea’s population grew at an average annual rate of less than 1\% and the fertility rate averaged about 1.5 births per woman.

Meanwhile, average individual income increased from $8,000 in 1990 to more than $36,000 by 2016.\textsuperscript{106}

\textsuperscript{105}HDI is a composite measure that aggregates a country’s achievement in three main areas broadly considered indicators of human development: long and lasting life, the extent and breadth of knowledge within the society, and social conditions regarding standards of living. HDI is an important measure because it helps development analysts and practitioners alike evaluate if and how economic development (measured by GDP, GNI, and other economic indicators) translate into improvements in people’s lives. For more information, see United Nations (2016).

\textsuperscript{106}The development literature is yet to reconcile questions regarding the relationship between economic growth and populations changes. In other words, does high population growth depress economic growth (due to resource scarcity), and conversely, does a lower population growth rate facilitate economic development. The first question appeared in the literature when Malthus (1798) argued in the affirmative. Although Malthus’ central theory was challenged in the 1970s (see, for example, Kuznets 1975), a revisit of the issue in the 1990s suggested that population dynamics do in fact impact economic growth. For example, Mason (2001) has noted that the ability of
Overall, South Korea’s HDI improved by 0.84 points between 1990 and 2015, the third highest rate of change among 105 countries considered to have high levels of human development.\(^{107}\) Rempel (2008) has argued that a key indicator of a country’s true progress is the extent to which economic development addresses inequality in general, and gender inequality in particular. So how has economic progress in South Korea affected these social dynamics, especially if economic development changed the role of women in South Korea and allowed “women of lower class some freedom to…work and sometimes earn supplemental income” (Savada and Shaw 1992)?

In 2015, South Korea’s coefficient for inequality, at 18.9, was one of the highest among the high human development countries. De-aggregating South Korea’s 2015 HDI value shows that the HDI for males (0.929) is approximately 8\% greater than the HDI for females (0.863). By comparison, male and female HDIs in Sweden (another high human development country) are fairly close at 0.911 and 0.909, respectively. Although on average males in South Korea spend just over 1 additional year in school compared to females, the average income for males, at approximately $48,000, is much higher than the average income of $21,000 for females. This disparity, however, is not unique to South Korea. Based on my calculations using 2015 data from the 2016 HDR report, there is no country in the world where the average income for females is equal to the average income for males. What is noteworthy about income inequality in South Korea, however, is that the magnitude of the differential (125\%) is quite significant not just for

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\(^{107}\) The two countries ahead of South Korea in terms of change in the human development index are Mauritius and Singapore. It is worth noting that Mauritius’ overall HDI was 0.781 in 2015, compared to South Korea’s at 0.901. Thus, while the magnitude of change may be greater for Mauritius – who had an HDI of 0.620 in 1990, the relative improvement in standards of living is much higher in South Korea than in Mauritius. In absolute terms, therefore, Singapore’s rate of change is much more impressive since both Singapore and South Korea had relatively similar HDIs in 1990 (0.718 vs 0.731, respectively).
the East Asia region (52%) but also relative to advanced capitalist countries as defined by the OECD (68%). In my view, such observations raise an important issue pertinent to Rempel’s (2008) criteria for evaluating how far a country has progressed economically. Certainly, a strict and absolute application of Rempel’s criteria would raise questions about whether South Korea is truly developed, the strength of its other economic indicators notwithstanding. The value of proposals such as that of Rempel (2008) to the literature, therefore, is in their ability to bring to the fore how social chasms may widen as a country progresses economically.108

Finally, recent trends suggest that besides income inequality, South Korea has experienced other social challenges as a result of its economic success. According to the 2016 HDR, South Korea has one of the highest rates of suicides in the world. In 2015, the suicide rate was 42 per 100,000 men, and 18 per 100,000 women. In fact, only Guyana had a higher suicide rate for both women (22.1) and men (70.8).109 The greater proportion of such suicides are occurring among South Korea’s elderly population, who according to Yun (2010), have been adversely affected by the country’s transition and have little to no social networks or support. To Yun’s point, in 2015, South Korea’s dependency ratio110 for its population segment aged 65 and older, was 18 per 100,

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108 Interestingly, based on my calculations of HDR data, Tanzania has the lowest female to male income differential in the world at 9%. However, average incomes for both groups are relatively low ($2,359 vs $2,576, respectively). Tanzania’s low income inequality differential could therefore be a function of the limited productive capacity of the Tanzanian economy overall. Kuznets (1955) has argued that economies with lower levels of growth are less likely to register high levels of income inequality, and that as an economy grows, income inequality increases. From my calculation of HDR data, only three of the 51 countries considered in the HDR as having “very high human development” show a male to female income differential of less than 30% (Slovenia – 24%; Norway – 26%; and Sweden 29%). Conversely, among countries with “low human development,” the male to female income inequality differential tends to be much lower, with the exception of several countries that are either currently facing or recently faced civil conflict (e.g., Syria, Afghanistan, Yemen, and Sudan). These observations do not necessarily validate Kuznet’s arguments because there is significant variation among the “high and medium human development” countries to draw an infallible conclusion. I explore the dynamics of economic development in Tanzania in detail in Chapter 5.

109 The female suicide rate in South Korea is comparable to that of Tanzania (18.1 per 100,000).

110 The HDR defines dependency ratio for the elderly as the number of people 65 and older who depends on 100 people of working age (15 – 64 years).
one of the lowest ratios among the highly developed capitalist societies. In contrast, Japan, Sweden, and the United States had old-age dependency ratios of 43.3, 31.8, and 22.3, respectively (United Nations 2016). Despite these social issues, South Korea’s progress in transforming its political economy within two decades remains noteworthy and relevant in light of initial conditions from which economic development was pursued.

South Korea before 1960: A Brief Political History

It is important to understand the historical construct of South Korean society and various sociopolitical transitions that have taken place in the country in order to fully appreciate the nature of economic development in South Korea between 1960 and 1980. Although Korea is an “old country” whose modern history can be traced back to the seventh century (Savada and Shaw 1992), the Choson or Yi dynasty of the 14th through 19th centuries is widely seen as the cornerstone of modern South Korea’s sociopolitical identity. Korea at this time was able to develop independently and even undertook several expansion initiatives, leading to unification of the Choson dynasty with other dynasties in the region. Expansion by the Choson dynasty was interrupted only when it came in contact with the Yen dynasty in northern China, which successfully halted the Choson expansion. The Chinese subsequently established themselves along the basin of what is now known as the Liao River in the southern part of Northeast China. Prior to the Chinese arrival, early settlers in the Korean peninsula had organized themselves into approximately seventy clan states and three tribal confederations. The Korean peninsula, in

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111 There is general consensus within the literature that Japan faces labor force challenges over the coming decades due to the proportion of its population that is 65 or older, and its consistently low fertility rates (Reynolds 2017). South Korea, like Japan, has maintained a very low fertility rate up to 2015. While South Korea has a smaller number of people 65 and older (6.6 million compared to Japan’s 33.3 million), the fact that the median age in South Korea (40.6) is relatively close to Japan’s (46.5) suggests that sustained low fertility rates could be problematic for the South Korean economy over time.
effect, was segmented into its middle, southwest, and northeast regions, with each tribal confederations having governance authority over a defined region.

Economically, all three federations were agricultural but had elements of technological advancement, as demonstrated through construction of reservoirs and irrigation facilities (Savada and Shaw 1992). The Chinese presence eventually altered the structure and organization of the Korean people, who began to pattern both their civilization and government after Chinese models. One of the most important changes to the Choson dynasty that resulted from the Chinese presence was the spread of Confucian ideology. Prior to Chinese arrival, Buddhist monks wielded tremendous power and influence over Korea’s political economy. For example, during the Koryo Dynasty, which preceded the Choson dynasty and existed from 918 to 1392, there was widespread concern among Koreans that Buddhist monks had allowed themselves to be corrupted by power and money. Thus, Confucians found a willing partner in the people of Choson and launched an attack that ultimately toppled Buddhist influence and institutions in the peninsula (Savada and Shaw 1992). From then on, Confucianism became the predominant religious ideology and its core tenets shaped education, social norms, and politics in Korea.

Korean society, under the Choson Dynasty, was rather isolated and would go on to enjoy more than two centuries of relative peace. It was not until 1875 that Japan was able to thoroughly penetrate and provoke Korea into a brief war. In 1876, Japan imposed a treaty that effectively opened South Korea to Japanese trade. China, which had settled in parts of Korea going back to the formative stages of the Choson dynasty, responded to the Japanese presence by extending – around 1886 – rights to own Korean territories to the United States, Britain, Italy, and Russia.
For all intents and purposes, the Choson Dynasty had dawned, Korean society was begrudgingly opened, and the political stage for Korea’s modern history had been defined.

The opening of Korean society to foreign entities had significant consequences. First, the presence of Japan, China, and in particular Russia created divisions within Korean society since Korea’s rulers were uncertain as to which of these alliances were in their best interest. Second, in 1894, a group of students agitated for an end to Japanese and Russian presence in Korea as well as for curbs on government corruption.\textsuperscript{112} In an attempt to extinguish what came to be known as the Tonghak Rebellion (1894 – 1895), Korea’s monarchy invited China to help put an end to the protest. An unintended consequence of this request was that it allowed Japan to increase its military presence in the Korean peninsula, which eventually led to the First Sino-Japanese War (1894 – 1895). After emerging victorious, Japan bound Korea to the Treaty of Shimonoseki (1895) and under the pretext of avoiding civil instability in the future, enacted several measures that ultimately subjected Korea to Japanese rule. Third, the First Sino-Japanese War created an opportunity for Russia to expand its presence in East Asia. In particular, after convincing Japan to return the Liaodong Peninsula to China (Japan captured the area during the First Sino-Japanese War), Russia leased the region from China, acquired concessions over significant areas of Korea’s forests and mines, and acquired the rights to operate the Chinese Eastern Railway, which served as the link between the Russian Trans-Siberian Railway and Russia proper (Savada and Shaw 1992). The outcome of Russia’s strategy was the Russo-Japanese War of 1904. Fourth, emerging victorious after the Russo-Japanese War, Russia, through a 1905 Treaty, acknowledged Japan’s “paramount political, military, and economic interest in Korea.” Meanwhile, the United

\textsuperscript{112} Among leaders of the student revolt was Syngman Rhee, who would eventually come to lead South Korea under an authoritarian regime. For a complete account of Rhee’s early life and the organization of Korean society under his leadership, see Lee (2001) and Lew (2017).
States came to terms with Japan and agreed not to interfere with Japanese actions in Korea, provided Japan does not interfere with US interests in the Philippines (Savada and Shaw 1992). Finally, in 1910, Japan officially annexed and colonized Korea.

Japanese colonialism in Korea officially ended in August 1945. As a result of Allied Forces victory in World War II, Korea was divided into two, with the Soviet Union (Russia) overseeing North Korea and while the United States occupied South Korea. The Republic of South Korea was officially established in 1948. Two years following the creation of South Korea – which was originally intended to be temporary – in 1950, war broke out between North and South Korea in an effort to unify the two Koreas. By the time the Korean War ended in 1953, a total of 1 million civilians had been killed. In South Korea alone, the war caused more than $3 billion in damages.

Japanese rule, in conjunction with the Korea War, devastated South Korea’s economy to the extent that prior to 1960, foreign aid from the United States was essentially the only way South Korea could maintain an economy. US assistance to South Korea increased from $60 million in 1950 to $100 million in 1951. Even though the US eventually turned governance of South Korea over to Koreans – first under the regime of Syngman Rhee and later under Chang Myon – prospects for economic development remained bleak largely due to political instability. South Korea’s economic history took a dramatic turn, when in May 1961, General Park Chung-Hee engineered a bloodless coup that toppled the regime of Chang Myon and brought Park to power.

Park Chung-Hee and the Pursuit of Economic Development in South Korea: 1960 - 1980
Park Chung-Hee is often regarded as the “founder” of modern South Korea (Han 2014) due the role played by his regime in transforming South Korea’s political economy. Coming to power on the heels of the Cold War and the Korean War, Park inherited an economy whose structure was in disarray. Although transformations in Japanese colonial rule led to modernization and establishment of an industrial base in Korea, virtually Japan’s entire industrial complex established in Korea were located in the north. Thus, when the Korean peninsula was divided, North Korea inherited all industrial facilities created under Japanese rule. South Korea, on the other hand, remained an agrarian society populated by poor peasants.

Prior to Park’s May 1961 coup, South Korea had experimented with different systems of governance. These included the presidential system under Syngman Rhee during South Korea’s First Republic (1948 – 1960). Although Syngman Rhee came to power through elections and enjoyed popular support, he constantly encountered opposition to his Presidency. Unable to remain in power through popular support, Rhee methodically transformed South Korea’s First Republic into an authoritarian regime. When the Korean War (1950 – 1953) commenced, Rhee seized the opportunity to solidify his authoritarian rule (Kim 2012). Preference within the international community for stability in the Korean peninsula led to tolerance of Rhee’s regime initially, but Rhee ultimately lost favor with international allies due to his hesitation to transition South Korea into a Western-styled democratic society. As Kim (2012) notes, however, during the Rhee regime, opportunities for education were expanded in South Korea. Ironically, expanded education along with the “spread of Western democratic values” led to the end of the Rhee regime in April 1960, primarily due to student protests against the regime.

Following the fall of Syngman Rhee, South Korea’s Second Republic was organized under a parliamentary system in which Chang Myon was elected president. The Second Republic
allowed South Korea to experiment with democratic governance as well as long-term economic planning. The Chang Myon administration adopted a comprehensive Seven-Year Economic Development Plan in January 1960. Nine months after coming to power, however, the regime was toppled and the plan was never implemented.

When Park Chung-Hee came to power in 1961, 2.4 million South Koreans were unemployed and about 80% of the factories that remained in the south had stopped operating. According to Kim (2012), per capita income during this period was $80, “putting South Korea on par with Sudan and Haiti” and making aid from entities such as the United Nations Korea Reconstruction Agency (UNKRA) an important feature of South Korea’s economy. Between 1954 and 1956, foreign aid’s share of South Korea’s GNP increased from 33% to 58%. However, by 1960, foreign assistance to South Korea declined back to 1954 levels, leading to severe depression of the South Korean economy, with an acute effect on the country’s ability to import inputs for its remaining industries. 113 The political instability of previous regimes, coupled with an ever-worsening economic landscape, created an environment in which South Koreans were more accepting of the coup and the eventual authoritarian regime of Park Chung-Hee.

Upon assuming political power, Park articulated his vision for South Korea’s future by signaling that South Korea would play a leading role in determining both its governance structure and process for pursuing economic development. This vision was expressed in one of Park’s first major speeches as leader of the May 1961 coup, as quoted in Moon and Jun (2011; emphases added):

113 In Chapter 3, I argued that an economy that is largely supported by foreign aid is likely to face decline when such aid is reduced. This argument was made in the context of Sub-Saharan Africa’s experience, where official development assistance contributes significantly to the national income of most countries in the region. The South Korean experience can serve as an example of the fragility faced by national economies when buttressed by foreign aid.
The history of the importation of [Western] democracy has been a failure. The failure was an unavoidable result of the ‘direct import’ of exogenous democracy without filtering [it] through reflections on our history and the context of our life. The ‘closed morality’ of the kinship-based family community has bed political factionalism centered on local, familial, and religious ties, leading to the failure of democratic politics. We can import a form of democracy, but not the content…Democracy is predicated not on irresponsible liberty, but on self-regulating and disciplined liberty, and, therefore, it is necessary to include leadership and guidance in our concept of democracy.\(^{114}\)

By 1962, Park, through an emphasis on “a great human revolution” and the pursuit of a self-reliant and autonomous economy had successfully orchestrated South Korean politics to consolidate his hold on power, often in defiance of calls by the United States to return South Korea to civilian rule (Kim 2012). On the economic front, several initiatives undertaken in previous administration provided a foundation for Park to pursue his economic development policies. Notable among these was a land reform law enacted in 1949 that allowed more than 1 million Koreans to become small landowners. The effect of this reform, according to Savada and Shaw (1992), was that “almost everyone in [South Korea] was placed on an equal footing.” Within this historical framework, maintaining equity became an important aspect of Park’s economic development strategy (Robinson 2007).

By the end of 1961, Park Chung-Hee had exerted government control over the few industrial businesses in South Korea. In addition, the Park administration nationalized banks and gave the government control over the direction of credit, including to the agricultural sector. To facilitate development and implementation of his economic development policies, Park also established the Economic Planning Board (EPB), an entity that eventually came to serve as the primary authority for the pursuit of economic development during the Park regime. Although the

\(^{114}\) Park saw “irresponsible liberty” as a hallmark the Myon regime and attributed South Korea’s development challenges to unrestrained expressions of liberty, and thus sought to address it in his regime.
government possessed significant authority over South Korea’s business community during this period, policies enacted by the Park regime encouraged entrepreneurship and through the use of low-interest rates, incentivized certain businesses to produce for export. Ultimately, the government’s direction of credit and preferential treatment of certain businesses would lead to the formation of chaebols – business conglomerates that would end up dominating economic activity in South Korea during the country’s era of economic development and beyond.115

With respect to its industrial policies, the Park administration was determined to avoid the economic depression that could result from heavy dependence on foreign assistance, as South Korea witnessed first-hand when U.S. and UN assistance to South Korea declined between 1954 and 1960. To address this potentiality, the Park administration encouraged domestic savings and played a critical role not only in the allocation of accumulated capital, but in some instance, the promotion or elimination of competition in certain industries (Kim 2012). Crucially, rather than foreign aid, the Park regime and subsequent governments dramatically increased South Korea’s foreign debt to the extent that by 1985, South Korea was the fourth largest debtor among developing countries, with more than 66% of its total debt originating from private banks and foreign suppliers of credit. Between 1966 and 1974, foreign assistance constituted only 4.5% of South Korea’s GNP and less than 20% of all investments (Robinson 2007). By relying on debt rather than aid, South Korea was able to make certain investment decisions that would not have been possible under an aid-financed development paradigm. One such decision was the Park regime’s pursuit of an integrated steel mill in defiance of U.S. objections (Kim 2012).

Ultimately, however, the mill played a significant role in South Korea’s industrial activity,

115 A small business class began to form in South Korea by the end of the Korean War. Park’s economic development strategy was to strengthen industrial production by expanding the capacity of the business class. This was achieved through conglomerations.
particularly in the areas of shipbuilding and automobile manufacturing, by allowing South Korea to produce domestically inputs that were previously imported.

It should be noted that South Korea’s ability to access private loans on the international market was made possible by two important strategies. First, the United States’ ongoing commitment to the spread of capitalism on the Korean peninsula allowed the Park regime to enter into agreements that boosted South Korea’s sovereign credit rating. Secondly, Park was able to leverage the improved national credit rating to underwrite and guarantee private loans that were secured by South Korean firms on the international market (Han 2014). Despite the international extension of credit to South Korean firms, investment of foreign direct investment (FDI) in South Korea was not officially sanctioned until 1962, when the Park regime enacted the Foreign Capital Inducement Act\textsuperscript{116} in an attempt to supplement low levels of domestic savings.

By 1973, when the South Korean economy was generating significant positive balance of trade, the Park regime once again tightened regulations on FDI and did not remove restrictions until the late 1970s, when domestic firms were sufficiently mature to withstand international competition (Robinson 2007). Although foreign capital was allowed to flow in and support South Korea’s economic development, there was little to no diversity in the sources of capital. In essence, foreign capital inflows reflected South Korea’s historical relationship with Japan and the United States. For example, more than 52\% of the approximately $3.7 billion capital inflows to South Korea between 1962 and 1986 were Japanese in origin, with 30\% of such inflows coming from the United States. And, in 1987, 44.9\% (or $494 million) of the total $1.1 billion invested in the

\textsuperscript{116} Key features of the 1962 Foreign Capital Inducement Act included tax holidays, equal treatment with domestic firms, and guarantees of profit remittances and withdrawal of principal.
South Korean economy came from Japan, with the United States accounting for 24% of total foreign investment in 1987.

As result of Park Chung-Hee’s focus on industrialization as the preferred strategy for economic development, South Korean society was marked by significant geographic imbalances. To address such imbalances, the government enacted the New Village Movement policy in 1971. The purpose of this policy was to ensure high prices for agricultural products, particularly grains, since agricultural development lagged behind other sectors of the economy. Overall, South Korea’s industrial and social development strategies were actualized through four broad-based development plans between 1960 and 1980. The First Five-Year Economic Development Plan, which covered the period between 1962 and 1966, was a restatement of the Seven-Year Economic Development Plan originally drafted by the Rhee regime under authorship of the United States Agency for International Development (USAID), which was revised but never implemented by the Chang Myon regime.

Although South Korea’s Second Five-Year Economic Development Plan and subsequent plans aggressively maintained a focus on export-led growth, Haggard et al (1991) has shown that South Korea’s development strategy between 1960 and 1980 was a mix of both export-led growth and import-substitution. During the initial stages of economic development, the authors note, the Park regime’s export-led strategy was limited to the manufacturing and export of light industrial items such as wigs and textiles but heavy industries such as shipbuilding and automobiles were protected through an ISI framework. As a result of this strategy, by 1986, South Korea’s annual production of passenger cars averaged 450,000, about four times greater
than what was produced during peak times in 1979. Astonishingly, automobile production reached nearly 800,000 in 1987 (Kim 2012; Noble 2011).

4.2: Hypothesis Testing: Policy Origins and Economic Development in South Korea

Qualitative Analysis of Policy Origins and Development in the South Korean Context

Briefly, criteria for policy origins against which South Korea’s economic development experience will be evaluated include:

1. Role and Extent of External Agent Influence in Policy Formulation, Implementation, and Enforcement. To what extent were external agents involved in the formulation and implementation of development policy? Role and influence can be in the form of actively participating or determining contents of the resulting policy, or in the form of policy goals for aid.

2. Acceptability of Resulting Policy to External Agents. To what extent was the development policy accepted or rejected by external agents? Development policies whose goals and objectives do not align with external agent policy goals are likely to be rejected – usually through lack of funding. Internally sourced policies are more likely to have objectives that do not reflect external agent policy goals, and thus are more likely to face rejection or non-acceptance by external agents.

3. Alignment of Policy Goals with General Public Expectations. When the goals of a policy align with sociopolitical assumptions of a society, it is likely to receive broad social support, which in turn allows for effective implementation of the resulting policy. Development policies that are effectively implemented are more like to produce expected outcomes.
4. **Policy Continuity.** To what extent was a particular development policy enacted throughout its intended life cycle? Did implementation of the policy encounter interruption either through regime change, or change in course of the incumbent regime?


Table 5: Summary of economic development policy formulation process in South Korea, 1960 - 1980

|----------------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| **Formulation Process** | • Supreme Council for National Reconstruction  
• Economic Planning Board  
• Working Level Committees | • Cabinet Council  
• Joint Committee  
• Advisory Committee  
• Sector Preparation Meetings | • Cabinet Council  
• Deliberation Council  
• Coordination Committee  
• Sector Preparation Meetings | • Cabinet Council  
• Deliberation Council  
• Working Level Planning Groups |
| **External Involvement** | None | • USAID  
• German and American Economic Consultants | None | None: policy consultations were with the domestic Korean Development Institute |
| **Comments** | Based on Five Year Development Plan of Interim Democratic Government | Active participation of foreign experts | Domestic experts led, with partial participation of foreign experts | More participation by domestic experts, less participation by foreign experts |

South Korea’s economic development policy formulation process generally involved three phases: preparation, planning by sector, and finalization. As outlined in Han (2014), during the preparation stage, the EPB established guidelines based on factors such as domestic and international market conditions, prioritized policy issues, expected policy direction, and overall development goals of the Park regime. Once planning guidelines were established, the EPB consulted with stakeholder and opinion leaders from South Korea’s private sector. The final step in the preparation phase involved collaboration with other government ministries that had a role
in managing the economy. This collaboration also served as the basis for achieving consensus on the country’s development strategy and policy objectives.

Sector planning, the second phase in South Korea’s policy formulation process, involved the EPB meeting with sector-defined working groups. Under the leadership of an EPB official, each sector working group developed goals and objectives that were then integrated into the overall planning document. The third and final stage of the planning process involved the EPB using a “Working Group for Policy Coordination” to review and “balance” each sector’s set of goals and objectives into South Korea’s long-term development goals. Macroeconomic plans were then modified in accordance with domestic and international conditions. The resulting plan was then finalized at the cabinet level. With respect to policy implementation, the EPB was structured in a way that emphasized the body’s primacy within the Park regime. In particular, the Prime Minister concurrently served as head of the EPB, and because the EPB also had budget allocation and resource procurement authority, it was relatively efficient for the EPB to coordinate its activities with other ministries (Han 2014).

As part of the policy implementation process, Park Chung-Hee himself convened and led a monthly review meeting during which progress on implemented plans and policies was assessed and adjusted. More importantly, proceedings from the President’s Monthly Economic Trend Report meeting were regularly published in newspapers, further strengthening the connection between the Park regime and the general public. These aspects of South Korea’s economic development offer some critical insights. Primary among these is the fact that although the political structure under Park was authoritarian, resulting policies were crafted in a highly liberal fashion. Hence by the time the Fourth Five Year Plan (1977 – 1981) was being formulated,
mechanisms such as policy forums as well as inclusion of private businesses and organizations, allowed for broader stakeholder input on the quality and nature of development plans.

What is unclear, however, is the extent to which Park’s allowance of these approaches was influenced by foreign entities such as the United States. By the time Park liberalized the development planning process to include private businesses and organizations, total foreign aid to South Korea, as a share of the country’s capital stock, stood at just 4%. Moreover, by 1972, official aid from the United States to South Korea had declined to a record low of $5 million amidst strengthened ability of the South Korean government and businesses to access commercial loans on the international market. Aid, which was often used as leverage to get the South Korean government to pursue certain policies prior to 1960, no longer had the ability to compel the Park regime to act. Even though the United States and Japan served as primary markets for South Korean exports, as Brazinsky (2007) has noted, US economic influence over South Korea had waned by 1965. Consequently, it is unlikely that Park’s shift toward a liberalized planning process as well as the regime’s focus on social development was significantly influenced by external agents.

Comparative Analysis of Policy Goals and Objectives

Table 6 summarizes contents of South Korea’s four economic development policies enacted between 1960 and 1980. Although economic planning in South Korea was attempted under the regimes of both Syngman Rhee and Chang Myong, resulting policies were conceived with the assumption that economic development will be funded with foreign aid. By the time Park came to power, however, there were indications that aid, as the main financing vehicle for economic development, was not sustainable – a realization that significantly shaped Park’s focus on a self-
sustaining economy, which became the overriding policy goal of the First Five-Year Development Plan.

The six policy objectives formulated under this goal were intended to facilitate South Korea’s focus on increasing its total exports. Strategically, South Korea’s main comparative advantage at the time was its abundance of a well-educated labor force. Given the dearth of a meaningful industrial base, the plan sought to apply the existing labor force to light industries that remained in the south following the division of Korea. Also, since South Korea’s electricity output was only 9% of the total needed to support a robust industrial base, the First Five Year Plan also sought to increase the country’s energy resources. Among industries identified for expansion under the First Plan were oil refining, production of fertilizers and synthetic fibers, and cement. Domestic production of items such as fertilizer,\(^{117}\) coupled with export of items such as wigs and textile, allowed South Korea to improve its terms of trade and generate a positive surplus that ultimately helped the country reduce its reliance on aid as an option for financing development. By the time the First Plan concluded in 1966, South Korea’s economy had grown by almost 9%, nearly doubling the 5% target established under the plan.

Although the First Plan surpassed its growth target, there were concerns that South Korea’s long-term economic independence may not be realized. Thus, in formulating the Second Five-Year Economic Development, the Park regime directed resources toward industries such as steel, chemicals, and heavy machinery. The overall goal of the Second Plan, consequently, was to move South Korea towards heavy industrialization. A key event in the pursuit of this goal, as

\(^{117}\) Because most of the factories that produced fertilizer were located in the north and thus were no longer available to South Korea when the country was divided, a substantial portion of US assistance to South Korea came in the form of food and fertilizer. South Korea’s focus on enhancing its ability to domestically produce rather than import fertilizer is therefore a classic example of the role import substitution played in the country’s economic development process.
documented in Moon and Jun (2011), was Park’s decision to build an integrated steel mill, a project that was proposed under the First Plan but was shelved amidst US concerns over financial feasibility. During formulation of the Second Plan, however, Park revisited and included the integrated steel mill as a key objective despite repeated objections from the US and Japan.

By 1965, South Korea and Japan had established formal diplomatic relations, despite the former’s displeasure with the latter due to Japanese colonialism. As part of the “normalization of relations” process, South Korea received from Japan a reparations package totaling $500 million (Kim 2012; Han 2014). The treaty governing Japanese reparations required South Korea to use

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<td>First Five Year Plan (1962 – 1966)</td>
<td>Create foundation for self-sustained economy</td>
<td>• Secure resources for energy&lt;br&gt;• Expand industry, increase income from agriculture&lt;br&gt;• Increase use of ‘idle’ resources (i.e., labor)&lt;br&gt;• Increase exports to improve terms of trade&lt;br&gt;• Promote technology</td>
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<td>Target: 5%&lt;br&gt;Actual: 8.5%</td>
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<td>Second Five Year Plan (1967 – 1971)</td>
<td>Modernize industrial structure and strength self-sustaining economy</td>
<td>• Become self-sufficient in food production&lt;br&gt;• Establish chemicals, steel, and machine industry&lt;br&gt;• Achieve $700m in exports and promote ISI&lt;br&gt;• Promote science and technology</td>
<td></td>
<td>Target: 7%&lt;br&gt;Actual: 11.5%</td>
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<td>Third Five Year Plan (1972 – 1976)</td>
<td>• Harmonize growth, stability, and balance&lt;br&gt;• Strengthen self-sustaining economic structure&lt;br&gt;• Balance regional development</td>
<td>• Develop rural economy&lt;br&gt;• Significant increase exports&lt;br&gt;• Build heavy and chemical industries</td>
<td>• Increase income from agriculture/fisheries&lt;br&gt;• Improve environment for farming and fishing&lt;br&gt;• Achieve $3.5b in exports&lt;br&gt;• Establish heavy and chemical industries&lt;br&gt;• Upgrade science and technology; expand educational facilities&lt;br&gt;• Enhance housing and national welfare</td>
<td>Target: 8.6%&lt;br&gt;Actual: 10.5%</td>
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<td>Fourth Five Year Plan (1977 – 1981)</td>
<td>Growth, equity, and efficiency</td>
<td>• self-sustaining growth structure&lt;br&gt;• Pursue social development&lt;br&gt;• Innovate technology for efficiency</td>
<td>• Achieve self-sufficiency for investments&lt;br&gt;• Improve terms of trade&lt;br&gt;• Advance industrial structure&lt;br&gt;• Improve income distribution&lt;br&gt;• Increase investment in science and technology to 1% GDP by 1981</td>
<td>Target: 9.2%&lt;br&gt;Actual: 7.4%</td>
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funds to import Japanese goods, as well as to enhance its agricultural, forestry, and fishery industries. Park Chung-Hee, however, elected to use funds to finance major programs, albeit with Japanese consent under the Second Five Year Plan. Approximately 25% of reparations funds went towards financing of the Pohang Iron and Steel Company. Other major projects in South Korea that were financed with reparation funds included the Soyang Dam and the Gyeonghu Expressway, as well as improvement of railway facilities. The Pohang steel mill would eventually allow South Korea to produce domestically the volume of steel required to support the country’s production of automobiles, ships, and other products. Under the Second Plan, South Korea’s economy grew by nearly 12%, compared to a target of 7%.

South Korea’s Third Five-Year Development Plan had a much broader focus than the previous two plans. With sustained improvements in the country’s terms of trade and a solid industrial base in place, the Park regime sought to “balance” economic development by focusing on rural development. The focus on industrial development during the first two plans had led to regional imbalances as people moved from rural to urban areas in response to Park’s industrialization drive. To mitigate this imbalance, the “New Village Movement” was established under the Third Plan, with the goal of improving socioeconomic conditions in rural areas. According to Moon and Jun (2012), the New Village Movement helped bring rural family income on par with urban family income by the mid-1970s. Average annual growth of South Korea’s economy under the Third Plan stood at 10.5%, against an initial target of 8.6%.

When Park first assumed power, one of his key objectives was to ensure that South Korea becomes an equitable society. However, this objective could not be pursued given the country’s initial conditions. Park consequently delayed this goal until the Fourth Five Year Plan, when rapid expansion of the economy under the first three plans provided a platform for pursuing
goals of social equity. Although achieving a self-sustaining economy remained an important goal under the Fourth Plan, the resulting policy also had as objectives social development, improvements in living conditions, and income distribution. While economic expansion under the Fourth Plan was strong at 7.4%, it was the only plan under the Park regime that did not meet or exceed its initial target, which was set at 9.4%. Park Chung-Hee was assassinated in 1979, and the resulting political discord, coupled with a generally weakening global economy, impacted South Korea’s economic output during this period Han (2014).

Overall, development policymaking as well as economic decision making was characterized as “highly efficient” under the Park regime. During the Park Chung-Hee regime, South Korea’s economy grew from $2 billion in 1960 to nearly $70 billion by 1983 (CIA 1983). Although Park’s personal pursuit of increased political power ultimately ended his regime, the impact of the transformation experienced in South Korean society under his administration remains indelible (Han 2014; Kim and Vogel 2011).

It is interesting to note that Park’s focus on heavy industrialization as the transformative vehicle for the South Korean economy, as well as the use of import substitution and protectionism were very similar to development strategies that were favored by many Sub-Saharan African leaders during the late 1960s and early 1970s. So, was South Korea’s success under Park truly the outcome of “sound economic policies” as Birdsall et al (1983) has emphasized? Or is there validity to Kim’s (2012) assertion that sound economic policies and state-led strategies are inadequate as explanatory variables for South Korea’s economic development success? My concept of policy origins and its effect on economic development may be helpful in further illuminating this debate.
Policy Categorization: Assessing South Korea’s Development Policies for Defined Criteria

Role and Extent of External Agent Influence in Policy Formulation, Implementation, and Enforcement

Between 1960 and 1980, South Korea was very selective in its adoption and application of foreign ideas in formulating its economic development policies. This selectivity was rooted in South Koreans’ overall mistrust of foreigners in the wake of Japanese colonialism, US military trusteeship, the division of Korea as a result of World War II, and the subsequent Korean War. Consequently, foreign advice and proposals on macroeconomic policy were “adopted only partially” (Kim 2012). Because the Economic Planning Board did not have the requisite experience and expertise, formulation of the First Five Year Plan, which involved advice from external agents, allowed South Korea to “learn” from their American and German counterparts without giving up their leadership role in the policy formulation process. Moreover, Moon and Jun (2011) has explicitly stated that although the First Five Year Plan was influenced by what was originally designed under the Rhee regime as measure to secure foreign aid, the version of the First Plan implemented under Park – including content and formulation process – was entirely of South Korean origin. As the authors note, “new strategies and policies were not imposed from outside; they were the product of ideologies, images, and information embedded in the inner world of [Park Chung-Hee]” (emphasis added). Hwang (2016) has also reiterated and emphasized this dynamic, noting that under Park, “adaptation became a way of life,” which led

118 Rhee’s development plan was influenced by previously unimplemented long-term economic development strategy produced by the United Nations Korea Reconstruction Agency (UNKRA). Known as the “Nathan Report,” the plan – including its contents and approaches – were prescriptions forwarded by Nathan Associates, a US-based international development consulting firm (Moon and Jun 2011).
the Park administration to give “foreign-originating ideas and practices a distinctively South Korean style.”

From this, I will conclude that the presence and influence of external agents during formulation and implementation of South Korea’s First Five Year Plan was controlled and limited. Indeed, according to Hwang (2016), the Park administration formulated and implemented the First Five Year Plan “without any serious consultation with the United States.” Consequently, I will characterize South Korea’s First Five Year Plan as internally sourced.

By the time the Second Five Year Plan was formulated, the South Korean economy, while growing, was doing so at a pace that was generally deemed inadequate given Park’s aggressive push to transform the country’s political economy. Moreover, the relative inexperience of South Korea’s technocrats led to an increased role for external agents in formulating the Second Five Year Plan. Indeed, among the four development plans implemented by South Korea between 1960 and 1980, the Second Five Year Plan was the only one that saw heavy involvement by external agents. According Moon and Jun (2011), this was both a practical and strategic move. An increased role for external agents in the policy formulation process allowed South Korea to bridge financing gaps between implementation of the First Five Year Plan and Second Five Year Plan. By building domestic capacity through the Second Five Year Plan, South Korea was able to completely bypass the need for external agent advice during formulation of the Third and Fourth Five Year Plans. As a result of these events, I will classify the role and influence of external agents in formulation of South Korea’s Second Five Year Plan as high, and low for both the Third and Fourth Five Year Plans.

Acceptability of Resulting Policy to External Agents
Although South Korea’s First Five Year Plan was based on a version previously endorsed by the United States and Japan, the Park administration’s preferences for policies and approaches that deviated from US preferences in particular affected the plan’s acceptability among external agents. According to Moon and Jun (2011), when the First Five Year Plan was announced, “it provoked strong U.S. criticism. The United States viewed [the First Plan] as a shopping list full of wishful thinking rather than as a development plan with feasible target goals.” For example, in 1962, a US-sponsored Commission concluded that South Korea’s planned integrated steel mill was not feasible, leading to US refusal to underwrite South Korea’s First Five Year Plan (Moon and Jun 2011).

Unlike the First Five Year Plan, South Korea’s Second Five Year Plan enjoyed broad external agent support. Even though the Second Five Year Plan’s goals and objectives aligned with Park’s defined policy agenda, external agents played a significant role during formulation of the Second Five Year Plan. This was due mainly to the Second Five Year Plan’s incorporation of several stabilization initiatives proposed by US advisors, including adjustments to domestic deposit and credit interests as well as tax reform (Moon and Jun 2011). Given the centrality of such advice to content of the resulting policy, I will conclude that the Second Plan was highly acceptable to external agents.

External agent involvement in formulation of the Third Plan was marginal, with South Koreans playing the leading role. The Fourth Plan, on the hand, was entirely devoid of external agent influence. Despite the limited role and influence of external agents in formulating the latter two Plans, South Korea’s external partners did not react or object to goals and objectives of these policies as they had the First Plan, even though the overall policy direction and implementation mechanisms were in sharp contrast to liberal economic ideology. The absence of any adverse or
punitive reaction on the part of external agents was the result of what Evans (1995), in reviewing South Korea’s development experience, has termed “embedded autonomy” – the use of authoritarian institutions to pursue free market objectives. From this perspective, while the Park regime was not democratic, his preference for market-based solutions reflected the U.S. interest in seeing capitalism thrive in the Korean peninsula. Thus, while Park was acting “autonomously” with respect to policy decisions, the overall paradigm for pursuing economic development was “embedded” in the Western capitalist framework. By the time South Korea’s Third and Fourth Five Year Plans were being formulated, the country’s improved terms of trade and ability to borrow commercially on the international market to finance its projects rendered the need for foreign aid and in effect external agent acceptance of the resulting plans inconsequential (Noble 2011; Robinson 2007; Moon and Jun 2011). As such, I will classify external agent acceptance of the Third and Fourth Plans as moderate and low respectively, since the plans were neither explicitly criticized nor rejected.

**Alignment of Policy Objectives with General Public Expectations**

According to Yoon (1990), “the values of a society have a direct bearing on the aspirations of that society. *Anything considered beneficial in advancing these aspirations would be held valuable*” (emphasis added). Haggard et al (1991) expands on this idea by noting that whenever it becomes necessary to “link political institutions to policy outcomes,” the concept of “collective action” becomes the vehicle for reconciling “individual and collective rationality within society as a whole.” And with respect to economic development in South Korea, Han (2014) has noted that during the era of economic development, not only did the Park administration work to “reflect diverse views…and voices” in the formulation of development policies, but that the government actively sought and collaborated with non-governmental actors. “The distinguishing
characteristic of the high growth period of Korea’s economic development,” Han continues, “was that it was government-led, yet not an outcome achieved by the government alone. It is noteworthy that the government led the formulation of effective development strategies, while the private sector showed strong economic determination to improve living standard…” More importantly, such shared goals led to great “public support” for economic policies of the Park administration, despite the administration’s curb on political freedom.

In my conceptualization of the relationship between policy origins and economic development, collective action (or public support for a particular policy) is an implicit derivative of policy origin. In other words, internally sourced policies are more likely to generate and galvanize collective action, as opposed to collective action facilitating policy origins – although this demarcation may be subtle. In its most basic form, the argument is that by itself, collective action is a dormant social element whose value is realized only when there is a channel for its application. An internally sourced policy allows for this transformation by bringing to the fore the underlying vision and aspirations of the society that help structure collective action. But while not the primary determinant of internally sourced policies, to Yoon’s (1990) point, collective action becomes a crucial element for achieving policy effectiveness. The concept of collective action is often limited to the role played by interest groups in the policy making process.\footnote{Haggard et al.’s analysis has a basis the relationship between liberal, democratic institutions and policy outcomes. I expand on this notion by postulating that institutions, whether legal, political, or economic, can also be present in non-liberal contexts. In this regard, differences will most likely reflect the quality and nature through which such institutions operate to exert an effect on policy outcomes.} However, in the context of underdeveloped societies, I see the concept as applicable at the national level given dynamics of the development policy making process.
At the beginning of Park’s regime, alignment of his overall policy objectives and the extent to which those objectives reflected broader social expectations were articulated only ideologically. For Park, the transformation of South Korea’s political economy required a redefinition and placement of traditional norms and values, as expressed in Confucianism, in the context of “conservative modernization” (Moon and Jun 2011). Conservative modernization, in essence was not defined as simply an ability to fit “traditional” modes of social organization into a “modern” political economy. It was also framed in a way that suggested that in the pursuit of social progress, there is no distinction between state and individual goals. Park elaborated on this concept when he noted in one of his early speeches that:

We are different from the West that pits the individual against the state. For us, the individual and the country [as a whole] are integral parts of a harmonious order… Our history is littered with good examples of national heroes who sacrificed personal interests for national interests… This is the potential power of our nation that has led our history

(As cited in Moon and Jun 2011; emphasis added).

From this ideological base, the Park administration laid the foundation for how national economic development objectives will be aligned with individual welfare goals. Economic development became the common ground for state and individual actions between 1960 and 1980, and Park saw the “ability of his people to make the necessary sacrifices” as an integral part of shaping the future of South Korea (Moon and Jun 2011). For the masses, such sacrifices came in the form of delayed consumption and maintaining low rates of birth in order to enhance domestic capital formation, among other things. Although specific policies reflecting non-economic aspirations of South Koreans were not formulated until the Third and Fourth Plans, the shared goal of achieving national economic development prevailed in South Korea’s four development plans between 1960 and 1980. In short, “Park’s modernization can be seen as the
crystallization of the aspirations of the South Korean populace, who struggled to overcome backwardness, poverty, and military vulnerability” (Moon and Jun 2011; emphasis added).

Consequently, I classify alignment of policy objectives with general public expectations as high for the four economic development plans implemented by South Korea under Park Chung-Hee.

Policy Continuity

The central tenet of this criterion is that economic development policies are likely to produce expected outcomes when they are implemented throughout their intended lifecycle. Moreover, the criterion implies that internally sourced policies are more likely to withstand interruptions to implementation that may result from to regime change, especially if the three other criteria are in place. In the case of South Korea, the fact that the country experienced uninterrupted governance for the 20 year period between 1960 and 1980 makes the task of evaluating policy continuity relatively simpler. Furthermore, the importance of policy continuity to sustaining economic achievements is reflected in the fact that even after the end of the Park Chung-Hee regime, it was important for subsequent governments to maintain systems and approaches that had supported economic decision making under the Park regime – albeit in a more liberal and democratic environment (CIA 1983). As Han (2014) has acknowledged, leadership in South Korea “remained relatively stable without change of power from 1961 to 1979, and this enabled national goals to be pursued with consistency.” Consequently, I will classify policy continuity as high during all four phases South Korea’s era of economic development, since each of the four plans were implemented throughout their intended lifespans. Table 7 summarizes South Korea’s four development plans, as evaluated against my defined criteria for establishing and categorizing policy origins.
Table 7: Summary of policy origin classification for South Korea, 1960 - 1980

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<tbody>
<tr>
<td>Presence and Influence of External Agents</td>
<td>Low - Foreign expert advice given by largely ignored</td>
<td>High - Policy formulated with strong involvement of US and World Bank advisors</td>
<td>Low - Policy process primarily under South Korean leadership</td>
<td>Low - Policy process primarily under South Korean leadership</td>
</tr>
<tr>
<td>Acceptability of Policy to External Agents</td>
<td>Low - US highly critical of resulting plan. Refuses financing</td>
<td>High - No resistance from external agents</td>
<td>Low – General indifference from external agents towards policy goals</td>
<td>Low – General indifference from external agents towards policy goals</td>
</tr>
<tr>
<td>Alignment with Domestic Expectations</td>
<td>High - Policy objectives reflected general public expectations</td>
<td>High - Policy objectives reflected general public expectations</td>
<td>High – Policy objectives reflected general public expectations</td>
<td>High – Policy objectives reflected general public expectations</td>
</tr>
<tr>
<td>Policy Continuity</td>
<td>High - Resulting policy was implemented through its intended life cycle without interruption</td>
<td>High - Resulting policy was implemented through its intended life cycle without interruption</td>
<td>High - Resulting policy was implemented through its intended life cycle without interruption</td>
<td>High - Resulting policy was implemented through its intended life cycle without interruption</td>
</tr>
<tr>
<td>Overall Policy Origin Classification</td>
<td>Internally Sourced</td>
<td>Externally Sourced</td>
<td>Internally Sourced</td>
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Quantitative Analysis of Policy Origins in the South Korean Context

Before proceeding to link the qualitative and quantitative aspects of this case study, I should address a prevailing issue related to quantitative measurement of economic growth and development, and the impact of this challenge on my overall analysis. The economic development literature largely establishes that there is a relationship between economic growth and social welfare (Simon 1973; Nordhaus and Tobin 1973; Islam and Clarke 2002). What remains uncertain within the literature, however, is what the appropriate indicator for evaluating this relationship should be. In other words, does GDP, GNI, GNP, or their per capita derivatives offer the best measure of how economic growth translates into human welfare? The prevailing grounds for this uncertainty is that generally accepted indicators of economic growth or development, such as GDP, do not adequately take into account all the composite factors that
define “social welfare” (Fox 2012; The Economist 2016). This question aside, GDP and its annual changes is generally considered a good measure of a country’s level of economic performance (Greenaway-McGregory 2011). In the analysis that follows, I make a clear distinction between economic growth, as measured by changes in a country’s GDP, and the effect of that growth on social welfare. The fundamental question that I’ve posed in this dissertation is one of whether the origin of a particular development policy has an impact on economic growth. By framing my question in this guise, there is an implicit acceptance of the broader literature’s acknowledgement that economic growth leads to improvements in social welfare; indeed, this dissertation originated from a concern over the extent of economic underdevelopment and poor socioeconomic status in Sub-Saharan Africa. Consequently, even when introducing and discussing changes in a country’s level of social welfare, I will not focus on the viability of the particular indicator as the ideal measure of a policy’s impact on society at large.

There is, however, an important caveat in the measurement of economic growth that should be addressed. In economic analysis, it is generally understood that temporal lags can have significant impact on the extent to which an observed phenomenon (e.g., change in GDP growth) can be attributed to a policy that was enacted at a different time period (Thoma 2008). Expressed differently, does $\Delta GDP_{(t+k)} = P_t$, with $P_t$ being a policy enacted at time 0, and $\Delta GDP_{(t+k)}$ the change in GDP growth observed at $k$ units of time following the initial policy implementation? The central dilemma in this equation is the appropriate value for $k$ at which we can confidently say that the change in GDP is attributable to the policy enacted at $t = 0$. In other words, and with respect to annual changes in GDP growth, will the effects of a policy enacted at $t = 0$ be observed at $k = \{1, 2, 3 \ldots x\}$ years after the policy’s implementation?
This particular issue is what Thoma (2008), in evaluating the relationship between policy lags and observed outcomes, has classified as “effectiveness lag.” While Thoma recognizes that lags related to a policy’s legislation and implementation are all important, the effectiveness lag is particularly challenging for analysts when it comes to attributing economic outcomes to a particular policy. In response to this challenge, analysts such as Nerlove (1972), Soos (1983), Shellman (2004) have either modeled or proposed considerations for dealing with time lags in economic analysis. Nonetheless, the issue remains a persistent one within the literature. For this research, I accept as valid methodological adjustments made by these institutions from which I have sourced my selected list of economic indicators.

I will note two important observations underlying this acceptance. First, in calculating GDP values and other indicators of economic and social development, the World Bank customarily make adjustments to the observed data in order to account for both temporal and spatial lag. This is an important methodological refinement since it addresses one of the key lags identified by Thoma (2008), which is data lag – acknowledgement that “macroeconomic data such as GDP have significant lag” and thus requires a retrospective view when using them in economic analysis. Second, GDP data for specific time periods are generally accepted as valid measures of economic performance in a particular country at a given time and space. Such general acceptance is underscored by the fact that GDP data produced by the World Bank are often cross-utilized by entities such as the International Monetary Fund and United Nations, and in some cases, by domestic as well as bilateral governments. With these observations in mind, it will not be
necessary to further account for time lags in GDP and other indicators evaluated for this research.\textsuperscript{120}

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The overall policy categorization outcome, along with corresponding levels of economic performance, is presented in Table 8.

Table 8: Summary of development policy origins and economic performance for South Korea, 1960 - 1980

<table>
<thead>
<tr>
<th>Policy Period</th>
<th>Year Enacted</th>
<th>Years in Plan (Inclusive)</th>
<th>Policy Origin</th>
<th>Equation</th>
<th>Economic Performance (GDP Growth)</th>
</tr>
</thead>
</table>
| First Five Year Plan     | 1962        | 5                          | Internally Sourced | $P_1 = C_1 \rightarrow G_1$ | 1962 3.8%  
1963 9.2%  
1964 9.5%  
1965 7.2%  
1966 12.0% |
| Second Five Year Plan    | 1967        | 5                          | Externally Sourced | $P_2 = C_2 \rightarrow G_2$ | 1967 9.1%  
1968 13.2%  
1969 14.5%  
1970 10.0%  
1971 10.5% |
| Third Five Year Plan     | 1972        | 5                          | Internally Sourced | $P_3 = C_1 \rightarrow G_1$ | 1972 7.2%  
1973 14.8%  
1974 9.5%  
1975 7.9%  
1976 13.1% |
| Fourth Five Year Plan    | 1977        | 5                          | Internally Sourced | $P_4 = C_1 \rightarrow G_1$ | 1977 12.3%  
1978 10.8%  
1979 8.6%  
1980 -1.7%  
1981 7.2% |

GDP Data Source: IMF

For South Korea, economic growth during Year 1 (1962) of the First Five Year Plan was relatively low at 3.8%, although this low growth could reflect lag from policies enacted prior to Park’s assumption of power. Economic growth, however, picked up significantly, reaching 12% by the time the First Five Year Plan concluded in 1966, bringing the overall average rate of

\textsuperscript{120} I am grateful to Dr. Neenah Estrella-Luna for raising the question of data lags in the quantitative analysis.
growth for the period to more than 8%. In the only period under the Park regime when South Korea’s development policy was externally sourced (Second Five Year Plan), the economy nonetheless performed remarkably well, with an average growth rate of approximately 12% for period between 1967 and 1971. This observation is important because according to my modeled trajectory, I expected a modest to significant depression in South Korea’s economy during implementation of the Second Five Year Plan given that this plan is classified as externally sourced under my conceptual framework. South Korea’s economy continued to grow through the Third and Fourth Plans. Even though growth declined from 8.6% in 1979 to -1.7% in 1980 due to political instability resulting from the assassination of Park Chung-Hee (Han 2014), by 1981, the economy posted a positive growth of more than 7%. Overall, South Korea’s economy grew at an average annual rate of nearly 10% during the 20-year period between 1960 and 1980.

Figure 10: Change in GDP Growth in South Korea (1962 - 1980)

When charted in isolation, economic growth in South Korea during the period of interest would suggest that observed trends deviate from that postulated for Model Country A in my theoretical framework. To begin with, there appears to be significant variation and swings in the South
Korean case compared to the relatively predictable and stable trend of the Modeled Country. Certainly, the sharp decline in the rate of growth between 1979 and 1980 due to the death of Park Chung-Hee distorts the picture for South Korea. Also, idealized assumptions that shaped the trajectory for Model Country A may not have held true either wholly or partially for South Korea – as evidenced by South Korea’s positive growth rate during the Second Five Year Plan. The magnitude of swings aside, juxtaposing the South Korean economic development trend to the modeled trajectory (Figure 11) shows three important insights. First, as suggested by the modeled trajectory, the first period in South Korea’s economic development trajectory, which I have classified as having internally sourced policies and which followed the externally sourced policy orientation of both the Rhee and Myong regimes, shows an initial rise in the level of economic development in the country. This trend is consistent with my theorized assumption that the initial transition from utilization of externally sourced development policies to internally sourced policies will produce a rise in the level of economic activity in the country. The second observation is that in my theorized trajectory, I posited that if the country transitions from an internally sourced policy regime to an externally sourced policy environment, a depression in the level of economic performance should be expected due possible adverse aspects of the policy origins attributes I have defined.
In the South Korean case, however, the Second Five Year Plan shows a strong economic performance at an average growth rate of 12% for the period. This observation certainly poses a challenge to my theoretical framework and possibly highlights the assertion by Birdsall et al (1993) that it was the nature and quality of policy choices that drove South Korea’s economic development between 1960 and 1980.\textsuperscript{121} However, as Han (2014) notes, during implementation of the Second Five Year Plan, broad public support for the Park administration’s development strategy and policies did not waver, even as the external source and influence on South Korea’s development policy during this period “intensified trade deficit” and strengthened the country’s dependence on foreign capital. In response to these issues, South Koreans actually demonstrated

\textsuperscript{121} Han’s (2014) has argued, however, that “overall, passing through the development era, the [South] Korean economy was able to attain relatively favorable outcomes, \textit{not because of the well-designed [policies themselves], but more so because of the thorough implementation and appraisal}, and flexible adjustments in response to changing conditions” (emphasis added).
“greater confidence” and continued to support implementation of the Second Five Year Plan (Han 2014). This insight from Han is extremely relevant because it suggests that while the policy itself may have been externally sourced (according to my classification), the strength of the policy origins parameters, and in particular the alignment of policy goals with general public expectations, helped mitigate possible adverse on economic performance as a result of the policy being externally sourced. In effect, therefore, during implementation of the Second Plan, South Koreans supported the overarching policy goal of national economic development, rather than specific policy choices within the Second Plan. The third and final observation from comparing South Korea’s development trajectory to the modeled trajectory concerns policy periods three and four.

The third policy period aligns very well with my thesis that when a particular development policy is externally sourced, the trajectory will show depression and ascend when the policy is internally sourced. The inversed relationship between the modeled and South Korean trajectories, I believe, is indicative and supportive of this postulation. During the fourth policy period, the modeled trajectory – which assumes an internally sourced policy origin for this period – shows a steady upward incline, while the trajectory for South Korea shows a precipitous decline. This decline is generally attributed to death of Park Chung-Hee and as the 1980s would show, South Korea rebounded quite well to continue posting impressive economic gains. Overall, what the analysis suggests is that the quality of policy choices notwithstanding, the manner in which the resulting policy is implemented and enforced matters as much.

Yoon (1990) provides a useful review of South Korea’s legal institutions, including evolution of those institutions during and after the country’s era of high economic growth. Yoon’s review is particularly informative because it offers insights into the dynamic relationship between law and public policy, and with respect to South Korea’s specific context, how regime types – whether authoritarian or democratic – affect this dynamic.

Operating from a liberal democracy perspective, Yoon defines rule of law as “the way in which an independent agency enforces legal principles in the administration of law such as legislation, application, enforcement and interpretation.” Unlike in liberal contexts where oversight of the country’s legal structures – including application of the law – is typically delegated to an entity that functions independently of the regime in power, during South Korea’s era of economic development, the legal basis for public policy and social action were intricately linked to the authoritarian regime of Park Chung-Hee. This, however, did not mean that legal principles, which Yoon conceives as “institutional and functional” in democratic contexts, were absent in the Park administration. The methods through which these principles were applied, especially with respect to development policy was different in that the process for formulating, disseminating, and enforcing policies were often subject to objectives of the regime as opposed to being the outcome of a popular process. Given the overall focus and purpose of the Park regime, expediency in policy making was favored over procedural precision (CIA 1983; Yoon 1990).

Certainly, if the rule of law is defined in absolute terms to mean “the proper performance of the principle of separation of powers” and the institutional level and observance of rights and civil
liberties at the socioeconomic level (Yoon 1990), then the rule of law, with respect to civil liberties was non-existent in South Korea during the era of high economic growth. However, as acknowledged in Moon and Jun (2011), society at large was highly supportive of both the process and content of policies formulated under the Park regime. Core legal objectives were integrated into South Korean society once economic development had been achieved and South Korea began the process of democratization (Yoon 1990). The deliberate nature of political and social liberalization was evident in goals and objectives established under the Fourth Five Year Plan.

In this regard, the South Korean experience presents a challenge to any paradigm that assumes that a country’s ability to achieve sustainable development is a function of the quality of the country’s legal and political institutions (Feiock and Cable 1992; Chong and Zanforlin 2004). While the legal framework for the pursuit of economic development during the era of high growth was intricately aligned with the overall purpose of Park’s authoritarian regime, eventual liberalization of civil liberties – and more importantly explicit expression of this effort in the national agenda – in my view raises questions as to the order in which transitioning societies should structure their pursuit of economic development.

Following the period of high economic growth, the primary concern with respect to South Korea’s legal institutions was whether law, as defined in the liberal democratic guise, will be able to maintain its “coherence” and “autonomy,” features that according to Yoon (1990) are required for the effective functioning of law. The absence or rather tenuous nature of formalized law in South Korea under the Park regime, however, did not impede the country’s economic development agenda for the simple fact that “such concepts as democracy, rule of law, separation of powers, and an independent judiciary [were] not native to [South Korea]. ...Being
transplanted, they [were] bound to assume guises peculiar to Korean society” (Yoon 1990; emphasis added). Under the Park regime, the “guises” which law assumed were in the form of Confucian values, whose emphasis on deference as well as the non-discrete relationship between individual and national goals, allowed South Koreans to be tolerant of Park’s authoritarian methods (Han 2014; Moon and Jun 2011). It is important to note, however, that the success of South Korea’s economic development was not the result of Confucian ethics per se but rather the ability of the Park regime to leverage these values to elicit the necessary public support for economic development goals (Yoon 1990).

In the South Korean context, therefore, law supported policy formulation, implementation, and enforcement in the form of values and ideals. If laws reflect “the ideals of a society,” and if “such ideals are not something thought up overnight [but rather] they are a cultural heritage that has been long in building that society’s history” (Yoon 1990; emphasis added), then it becomes clearer why Park framed the national development agenda within a Confucian construct. As both Yoon (1990) and Im (1987) have argued, the behavior of bureaucrats – who played a key role in the implementation and enforcement of development policy – reflected the influence of Confucian values on South Korean society. Law, as was the case with development policy, was transformed and applied in a way that was uniquely South Korean. Indeed, it is in this regard that Yoon (1990) questions whether a society can transform itself “by adopting foreign laws.” In the context of my dissertation, the response to this question will be emphatically negative. Abraham (1980) has argued that traditional values (i.e., sociopolitical assumptions in my framework) and modernization are not mutually exclusive, since “in certain cases, traditional values greatly facilitate modernization” of a country’s political economy. In my policy origins construct, “traditional values” or sociopolitical assumptions have an effect on
modernization of political economies not because of the values themselves, but rather as a result of the careful alignment of development policy objectives with those values, which then allows policy goals to be translated as a reflection of general public expectations. In pursuing this alignment, however, it may be important for the policy itself to be internally sourced if law – whether of the Western or traditional type – is to have an effect on enforcement, especially when it comes to individuals and entities charged with dispensing and overseeing the resulting policy.

Yoon (1990) has noted that “the effect and efficacy of a law” is closely related to the “attitude of the individual bureaucrat,” whose attitude and “integrity” is shaped by the sociopolitical context within which the bureaucrat operates. In the case of South Korea, bureaucrats came to occupy a particularly important space in society during the era of high economic growth. According to Han (2014), the Park administration “firmly believed that elite bureaucrats, more than any other political instrument, were the most important foundation in more swiftly and effectively pursuing economic development plans.”

Certainly, individual bureaucrats are likely to exercise discretion “in the administration of law in favor of the authorities” (Yoon 1990). Thus the influence of sociopolitical assumptions on the behavior of the bureaucrat becomes exceedingly important. This potentiality, I will argue, may not necessarily be adverse, especially if the object of the law is pursuit of a singular national agenda (e.g., economic development), and if the discretion exercised by the bureaucrat supports rather than violate this singular goal.122

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122 By a singular goal, I do not mean that a country ought to evolve one goal at a time. Certainly, accordance of political rights and civil liberties – along with institutions mature enough to sustain these rights and liberties – do matter. The question, however, is whether these values, in instances where they are nonexistent or embryonic at best, should simultaneously be pursued with economic development. The South Korean case demonstrates that appropriate structuring and pursuit of these goals is important for countries in transition. For the most part, South
While bureaucrats were not immune to influence during South Korea’s era of high economic growth (Kang 2003), the bureaucracy under the Park administration was structured in such a way that any possible negative effect of influence on the bureaucrats’ ability to execute their functions relative to the national agenda of economic development was neutralized. For example, bureaucrats within the Economic Planning Board did not have licensing or public relations functions, and even their budget allocation responsibilities were undertaken in conjunction with other ministries (Han 2014).

Moon and Jun (2011) has characterized the interplay between law and policy implementation in South Korea during the era of high economic growth as one of “administrative democracy.” In practice, this concept manifested itself through the Park regime’s preference for “political order and efficiency over democratic procedures and the rule of law.” For Park, the bureaucratic state, not the rule of law per se, “disciplined, mobilized, and directed civil society to implement the goals and visions of the executive leadership.” Certainly this perspective reflects the authoritarian orientation of the Park administration, but as Yoon (1990) has noted, in order to facilitate economic growth in such contexts, “political power and the bureaucracy are likely to develop a mutually supplemental relations [and South Korea] is a case in point.”

The South Korean case suggests that the nexus of law and public policy may be highly contextual, and that what matters most is the manner in which legal principles are defined and

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Korea – and indeed the East Asian countries that successfully achieved economic development in the 1970s, elected to pursue economic prosperity first and political liberalization second. My argument, in this regard, is that in such contexts, it may be acceptable for bureaucrats to use discretion in their application of the law. Certainly this contradicts the liberal democratic interpretation of the rule of law. But the most important concern, in the context of my research, is whether the behavior of Sub-Saharan Africa’s bureaucrats – often described as “corrupt” and “rent-seeking” – reflect the essence of sociopolitical assumptions in Sub-Saharan Africa or whether such behaviors reflect dynamics of the international political economy. I have outlined key aspects of these issues in chapters 1 and 3; Kang (2003) has addressed the presence and impact of “crony capitalism” in the East Asia context.
applied in the given society. In the case of South Korea, the political leadership, bureaucracy, private industries, and society at large implicitly understood the importance of economic development to the country’s future. Consequently, society at large was accepting of measures and approaches that in many ways contradicted orthodox perspectives of what and how a law should be, how it should be applied, and how it ought to mediate between competing social interests (Hwang 2016). In this regard, the question that remains is the extent to which legal institutions need to necessarily reflect liberal democratic molds, and whether this is truly the pre-requisite for a country to be able to achieve economic development. Certainly, further analysis may be required to bring into clearer relief the effect “Koreanization” of political and economic principles had on South Korea’s overall economic development success between 1960 and 1980. Nonetheless, this case study has shown that in the least, a strong alignment of policy objectives with broader social expectations is helpful if developing countries, such as those in Sub-Saharan Africa, are to transform their political economies successfully.
5.1: Historical Review of Economic Development in Tanzania

*Tanzania: A Country Profile*

The United Republic of Tanzania (henceforth Tanzania), a country of nearly 365,000 square miles located in the eastern part of the African continent, is bordered by the Indian Ocean to the east, Mozambique and Malawi to the south, Zambia to the south-west, and Burundi and Rwanda to the north-west. To the north, Tanzania is bordered by Uganda and Kenya as well as Lake Victoria – the largest lake in Africa and the world’s second largest freshwater lake. Tanzania is also home to Mount Kilimanjaro, the largest mountain in Africa at nearly 20,000ft, and to Lake Tanganyika, the second deepest lake in the world (Ingham et al 2017). Tanzania’s landscape is characterized by expansive plateaus that alternate between several mountains, and inland Tanzania has approximately 23,000 square miles of lakes. While Tanzania does not have any large rivers of its own, its location just south of the equator makes it the basin for three of
Africa’s largest rivers – the Nile River, the Congo River, and the Zambezi River. As a result of its biodiversity, Tanzania’s climate tends to vary regionally. (Ingham et al 2017).

Tanzania’s total population currently stands at more than 55 million and is projected to reach 83 million by 2030 (United Nations 2016). Between 2010 and 2015, the population grew at an average annual rate of 3.2% compared to the 2.7% average for Sub-Saharan Africa. Over the same period, the average fertility rate in Tanzania was 5.2 births per woman, a trend that was consistent with that of Sub-Saharan Africa as a whole. As of 2015, only 32% of Tanzanians live in urban areas. The country’s dependency ratio for individuals aged 65 or older was 6.2 per 100 individuals of working age (15 – 64 years old). This low elderly dependency ratio could be a function of the fact that with an average age of 17 years, Tanzania has a relatively young population with more than 50% of the population aged between 16 and 64. Alternatively, the low dependency rate could signify competition between young and old within Tanzania’s economy, where about 67% of the labor force engages in agricultural production. An additional 27% of the workforce is employed in the services sector, with the remaining 6% engaged in industry. In either case, and as is the case for Sub-Saharan Africa as a whole, Tanzania’s young population could be an asset to the country’s political economy. In 2015, the average age among all countries classified in the Human Development Report as having “high human development” was 40 years old. On the other hand, the average age for Sub-Saharan Africa during the same period was just over 18 years old. With Sub-Saharan Africa’s total population estimated to reach

123 Fertility rate does not indicate actual births per woman over the time period of interest. Rather, the United Nation’s Human Development Index defines fertility rate as “the number of children who would be born to a woman if she were to live to the end of her child-bearing years and bear children at each age in accordance with prevailing age-specific fertility rates.”

124 As will be discussed in later sections, under Julius Nyerere, Tanzania’s economic development strategy between the 1960s and 1980s, which focused on migration of people into villages to support agricultural production, may have had a lasting effect on the rural/urban distribution of Tanzania’s population.
more than 1.3 billion by 2030, a relatively young population could be a source of comparative advantage to the international political economy. The challenge for Tanzania and Sub-Saharan Africa, however, is the extent to which a young labor force can be deployed more effectively. A fundamental restructuring of Sub-Saharan Africa’s political economy, in my view, will be an important factor in meeting this challenge.

In the case of Tanzania, improving access to education in order to increase the country’s stock of skilled labor will be an important step in this direction. As of 2015, Tanzanians were expected to spend an average of nine years in school, which is about half the amount of time expected for South Koreans. In fact, like Sub-Saharan Africa, the average number of years Tanzanians actually spent in school in 2015 (6) was a fraction of the expected value. What is more, in 2015, among males and females, about 13% of Tanzania’s population aged 25 or older had some secondary education. If education played a key role in the South Korean experience, then Tanzania has a significant bridge to cross in order to effectively transform its political economy.

While 87% of Tanzania’s primary school-age population was enrolled in school in 2015, the dropout rate among this group was significant at more than 33%. Moreover, as of 2015, only 32% and 4% of Tanzania’s secondary- and tertiary-aged population, respectively, were enrolled in school (United Nations 2016). Consequently, while Tanzania has a relatively high literacy rate (more than 80% among adults 15 years or older), the low-levels of secondary and tertiary education could be challenging for the country’s economic development prospects, especially when it comes to enhancing the skills and knowledge base of the country’s young population. In this effort, increasing overall government expenditure on education from 3.5% of GDP to the Sub-Saharan African average of approximately 5% could be strategically significant, resource constraints notwithstanding.
The urgency to transform Tanzania’s political economy is magnified by the fact that the country’s population remains vulnerable with respect to health outcomes. Between 2010 and 2015, approximately 35% of children under the age of five years old were estimated to have moderate to severe malnutrition. While this rate was on par with the average for Sub-Saharan Africa (34.9%), it was much higher than South Korea’s rate of 2.5%. Although Tanzania’s infant and under-5 mortality rates are among the lowest in Sub-Saharan Africa at 35.2 and 48.7, respectively, adult mortality remains relatively high. In 2014, mortality rates for females and males were 243 and 281 per 1,000 people, respectively. Over the same period, the rate of deaths due to diseases such as tuberculosis was 58 per 100,000 people compared to the world average of 15.5. Whereas an individual in South Korea can be expected to live an additional 24 years after reaching age 60, in Tanzania, the life expectancy at age 60 averaged 18 years between 2010 and 2015, but overall life expectancy at birth in Tanzania hovered around 65 years as of 2015. Such outcomes could be attributed to the fact that in 2014, Tanzania’s physician to population ratio stood at 0.3 per 10,000 people while health expenditures consumed 2.4% of Tanzania’s GDP. Comparatively, the global physician to population ratio averaged 15 per 10,000 in 2015 (United Nations 2016).
The performance of Tanzania’s economy, as measured by annual growth in GDP, has been modest since 1995. Excluding 2013, when the discovery of natural gas and the exploration of hydrocarbon prompted the government of Tanzania to rebase its GDP calculations – and in effect increased GDP from $24.4 billion in 2012 to $43.6 billion in 2013 (a 94.4% change), Tanzania’s GDP grew at an average annual rate of 5.4% between 1995 and 2016. As discussed above, this steady increase in GDP gains has not necessarily translated into significant improvements in Tanzania’s overall socioeconomic status however. While the rebasing of GDP in 2013 and its carryover through the subsequent three years increased the average GDP per capita overall, such improvements are cosmetic in that they do not demonstrate fundamental shifts in the structure of the economy. Indeed, as some analysts have commented, the discovery of natural gas in Tanzania, while it expanded overall value of the country’s economy, served to “give investors more confidence in Tanzania” rather than signify improvements in social life (Ng’wanakilala 2014). In other words, the discovery of natural gas and exploration of

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125 For more information on the rebasing of Tanzania’s GDP during this period, see Ng’wanakilala (2014).
hydrocarbon expanded the resource extraction profile of Tanzania and may in fact perpetuate the challenge of translating natural resources into socioeconomic outcomes, an issue that has remained endemic in Sub-Saharan Africa’s modern history (King 2009; Siakwah 2017; Shaxson 2005).

The structure of Tanzania’s economy may help establish a broader context for the socioeconomic indicators discussed above, a relationship that has been explored in Hartmann et al (2016). According to data from the Observatory of Economic Complexity (OEC), Tanzania’s GDP in 2016 was recorded at $47.4 billion with a GDP per capita of $2,700. Over the same period, Tanzania possessed the 77th largest economy in the world by export and was the 88th largest economy by total GDP. In 2016, Tanzania’s total imports of $7.85 billion outpaced its export value of $4.74 billion, leading to a negative terms of trade (-$3.11 billion). In fact, as shown in Figure 13, Tanzania’s terms has gotten progressively worse since 2011.

Figure 13: Trade profile of Tanzania

![Trade Profile of Tanzania, 1995 - 2016](image)

While Tanzania’s overall export and import profile has improved since 1995, the complexity of the country’s economy persistently reflects an extractive economy. As shown in Table 9 below,
in 2016, gold and precious metal ore accounted for nearly 42% of the value of Tanzania’s total exports, while raw tobacco, nuts, coffee, and “other oily seeds” accounted for a total of 24% of all exports. Collectively, these commodities, which are either extractive or agricultural, accounted for more than 66% of Tanzania’s total export value in 2016.

Table 9: Selected indicators of economic performance in Tanzania

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
<th>% Indicator Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Rank (2016 Exports)</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>Total Exports (2016), US$ Billion</td>
<td>4.74</td>
<td></td>
</tr>
<tr>
<td>Gold</td>
<td>1.65</td>
<td>34.8%</td>
</tr>
<tr>
<td>Raw Tobacco</td>
<td>0.359</td>
<td>7.6%</td>
</tr>
<tr>
<td>Nuts</td>
<td>0.347</td>
<td>7.3%</td>
</tr>
<tr>
<td>Precious Metal Ore</td>
<td>0.321</td>
<td>6.8%</td>
</tr>
<tr>
<td>Glass Bottles</td>
<td>0.197</td>
<td>4.2%</td>
</tr>
<tr>
<td>Total Export Destinations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>0.767</td>
<td>16.2%</td>
</tr>
<tr>
<td>India</td>
<td>0.702</td>
<td>14.8%</td>
</tr>
<tr>
<td>South Africa</td>
<td>0.631</td>
<td>13.3%</td>
</tr>
<tr>
<td>China</td>
<td>0.354</td>
<td>7.5%</td>
</tr>
<tr>
<td>Kenya</td>
<td>0.313</td>
<td>6.6%</td>
</tr>
<tr>
<td>Global Rank (2016 Imports)</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>Total Imports (2016), US$ Billion</td>
<td>7.85</td>
<td></td>
</tr>
<tr>
<td>Refined Petroleum</td>
<td>1.34</td>
<td>17.1%</td>
</tr>
<tr>
<td>Palm Oil</td>
<td>0.271</td>
<td>3.5%</td>
</tr>
<tr>
<td>Packaged Medicaments</td>
<td>0.265</td>
<td>3.4%</td>
</tr>
<tr>
<td>Cars</td>
<td>0.208</td>
<td>2.6%</td>
</tr>
<tr>
<td>Wheat</td>
<td>0.189</td>
<td>2.4%</td>
</tr>
<tr>
<td>Total Import Origins</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>3.57</td>
<td>45.5%</td>
</tr>
<tr>
<td>India</td>
<td>1.77</td>
<td>22.5%</td>
</tr>
<tr>
<td>South Africa</td>
<td>0.442</td>
<td>5.6%</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>0.424</td>
<td>5.4%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>0.256</td>
<td>3.3%</td>
</tr>
<tr>
<td>Trade Surplus (2016), US$ Billion</td>
<td>-3.11</td>
<td></td>
</tr>
<tr>
<td>Total GDP (2016), US$ Billion</td>
<td>47.4</td>
<td></td>
</tr>
<tr>
<td>GDP per Capita (2016), US$ Thousand</td>
<td>2.79</td>
<td></td>
</tr>
</tbody>
</table>

*Data Source: OEC (2017). Percentages calculated*
What is more, there was significant imbalance with respect to Tanzania’s trade partners. While over 45% of all imports to Tanzania in 2016 originated from China, China in return absorbed less than 8% of Tanzania’s total exports. Such trade imbalances could be a function of the extractive and raw materials-based structure of Tanzania’s economy. According to the Observatory of Economic Complexity, in 2016, Tanzania ranked 83rd in the world in terms of the complexity of its economy (OEC 2017). With an economic complexity index of -1.236, Tanzania’s export mix included 150 products that offer the country comparative advantage on the international market. What is challenging, however, is the ability and extent to which Tanzania’s mix of export products present a viable opportunity for the country to achieve economic development. First, a review of Tanzania’s export portfolio (Figure 14) shows that the majority of products with revealed comparative advantage (RCA) are either agricultural or extractive. Secondly, products in which Tanzania has the greatest comparative advantage (large RCA value) are commodities whose value faces significant and constant fluctuations on the international market.

*Figure 14: Distribution of Tanzania’s exports by revealed comparative advantage*
Thirdly, while gold accounted for nearly 35% of Tanzania’s total export value in 2016, the RCA value of gold for Tanzania was 15 in 2016. In other words, while gold presents a comparative advantage, competition for the product on the international market affects Tanzania’s share of the global trade in gold. Finally, according to data from the 2016 Human Development Report, Tanzania’s coefficient of human inequality in 2015 was 25.4. While this value is not the worst among countries with low levels of human development, it highlights the urgency for Tanzania to achieve some level of sustainable economic development.

*Tanzania: A Brief Political History*

There is an expansive literature on the political economy of Tanzania, especially in the wake of the country’s experiment with socialism under Julius Nyerere. Given the impact of Nyerere’s Presidency on the modern history of Tanzania, a review of his life, as presented in Bjerk (2017) is strongly recommended. Along similar lines, expositions on Nyerere’s thoughts on political economy and the extent to which those ideas influenced his approach to leading Tanzania are available in Boesen et al (1978); Sheikheldin (2015); Raikes (1975); Hyden (1980); and Cornelli (2015). Much of the literature examining Julius Nyerere’s core political ideology of Ujamaa and its viability as an economic development paradigm have been critical, as seen in the works of Ibbot et al (2014) and Saul (2014).126 A rare positive appraisal of Ujamaa development can be found in Cornelli (2011) and James (2014). Politically, Ilife (1979) and Kimambo (1969) are good sources for reviewing the early history of present-day Tanzania. For an in-depth account of Tanzania’s experience with colonialism, see Mbogoni (2012). Overall, Coulson (2013) is an excellent resource for comprehensive reading on Tanzania’s political economy from both

modern and historical perspectives. In what follows, I leverage Gascoigne (2011) and Ingham et al (2017) to provide a concise historical review of key events that shaped Tanzania’s postcolonial political economy.

Like most countries in Sub-Saharan Africa, Tanzania’s modern history and its political economy challenges are intricately linked to the country’s experience with colonialism. As a sovereign entity, the United Republic of Tanzania was formed when the two independent nations of Tanganyika, which constituted the mainland of modern-day Tanzania, and Zanzibar, its eastern archipelago united in 1964. Prior to official unification, Tanganyika and Zanzibar were historically connected through the practice of slave trade – mostly by Arab migrants – and eventual colonization by Germany and Great Britain. Settlement in modern-day Tanzania began with migration of Bantu farmers from western Africa to southern Africa and their eventual migration to mainland Tanganyika. Bantu settlers initially used “trade” routes that linked major lakes in Tanganyika to the coast. By the 8th century, Arab traders had begun entering mainland Tanganyika using the same trade routes. Upon settling in the region, the Sultan of Oman eventually moved his capital from Muscat to Zanzibar and began to trade in slaves and ivory.

Over the course of the Arab presence, Asian and Indian traders would also find their way into Tanganyika. Even though Portugal explored Tanganyika and other parts of East Africa, significant inland penetration of the territory did not occur until 1884, when Karl Peters, a German explorer with ambitions to help expand the German empire, arrived and formed a partnership with the Sultan of Zanzibar. In a matter of weeks, Peters and the Sultan of Zanzibar convinced tribal chiefs to sign pre-drafted “treaties” that led to German ownership of major territories of Tanganyika. The exploits of Karl Peters in East Africa and particularly Tanganyika
coincided with a conference in 1884 organized in Berlin and led by the Chancellor of Germany, Otto von Bismarck. The Berlin Conference of 1884 formalized articles and agreements for what is colloquially referred to as ‘the scramble for Africa’ – the partitioning and colonization of Africa by six major European countries (Germany, Great Britain, France, Portugal, Italy, and Belgium) between 1881 and 1914. Given Bismarck’s imperial ambitions, Karl Peters received permission to proceed with his plans to establish German colonies in East Africa, including in Tanganyika. Upon returning to Tanganyika, Peters demanded that the Sultan of Zanzibar surrender his territories in mainland Tanganyika to the Germans. The Sultan, overwhelmed by possible German military action, reached out and sought support from Great Britain, who had successfully convinced the Sultan to abolish his slave trade in 1876. Great Britain, however, would ultimately share Tanganyika with Germany and make Zanzibar a British protectorate.

As part of their occupation of Tanganyika, the Germans built a railroad from Dar es Salaam on the eastern coast to Tadora in the center of mainland Tanganyika, and then to Ujiji to the west (Figure 15). As with most colonial practices, the purpose of the rail network was to facilitate export of cash crops such as cotton and sisal.

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127 It is worth noting that Bismarck was initially against the idea of possessing colonies. However, as the German Empire expanded, there were domestic calls for Germany to possess colonies primarily as a sign of national pride. Furthermore, other major European countries (mainly Great Britain and France) were expanding their colonies in Africa and Asia. In response, Bismarck reversed his policy on colonization in 1883 and established the first German colony in New Guinea in 1884. Germany’s colonial holdings, under Bismarck, were expanded through the Berlin Conference of 1884. Kennedy (1988) presents a useful review of the political history of Germany under Bismarck, while Chamberlain (2010) and Brooke-Smith (1987) are excellent sources for further reading on the Berlin Conference of 1884.
Even though German economic activity had produced successful outcomes, “the harsh methods of forced labor in the cultivation of the new and alien crops” produced widespread resentment among local tribes (Gascoigne 2011). The rebellion would lead to the Maji Maji uprising of 1905 - 1907, whereby local workers began to uproot rather than cultivate cotton plants. The Germans sought to quell the rebellion by starving the workers. This was accomplished by destroying crops, burning already harvested grains, and setting ablaze entire villages. The resulting famine claimed an estimated 250,000 lives (Gascoigne 2011). While Germany had taken measures to reform its colonial policies in Tanganyika and East Africa as a whole, implementation of those policies was halted when, in 1916, Great Britain moved to occupy

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128 Such colonial experiences would ultimately play a significant role in the manner in which development policies were formulated, implemented, and enforced in postcolonial Tanzania. For example, as a counter to the harshness of colonial rule, the Nyerere regime pursued policies that prioritized freedom, equality, and harmony. More importantly, acceptance and participation in implementation of the resulting development policies would be on a voluntary basis, a clear counter to the forced labor practices of the colonial government.

129 In Swahili, Maji means “water.” The rebellion was so named due to local beliefs that a mix of castor oil, millet seeds, and a magic potion of water could turn German bullets into water. Giblin and Monson (2010) provides a historical review of the Maji Maji wars in Tanzania, while Greenstein (2010) offers a useful documentation on sources for alternate interpretations of the Maji Maji uprising.
German colonies in East Africa at the advent of World War I. Great Britain eventually exercised colonial authority over Tanganyika and Zanzibar at the end of the war through the Treaty of Versailles, and would proceed to colonize modern-day Tanzania from 1919 to 1962.

A key distinction between German and British colonial rule in Tanganyika is that the latter encouraged indigenous participation in administration of the colony, albeit along tribal lines. Local councils and a court system were established through the Native Authority Ordinance of 1926 and the Native Courts Ordinance of 1929, respectively, and a Legislative Council was established in 1926. Opportunities for expanded indigenous participation in the affairs of Tanganyika came in the form of the British government’s decision to place the territory under UN trusteeship in 1947. As part of the agreement, the British were required to “develop the political life” of Tanzania and this obligation was met with formation of the Tanganyika African Association (TAA). The TAA elected Julius Nyerere, who had just returned to Tanganyika after studying in Great Britain, as its President in 1953. Nyerere, however, sought broader political participation and in 1954, converted the TAA to the Tanganyika African National Union (TANU) – a full-fledged political party that began to agitate for self-government and independence.

On December 9th, 1961, Great Britain officially granted independence to Tanganyika and Julius Nyerere was elected Prime Minister. Nyerere would resign from the position within a month however, mainly due to frustrations stemming from an inability to win certain policy positions (Bienen 1970). After resigning from the Prime Minister’s position, Nyerere returned to lead

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130 The Treaty of Versailles, signed in 1919, is generally considered the most important document of World War I, since it brought the war to a conclusion. For a review of the Treaty of Versailles and World War I in general, see Neiberg (2017).
TANU and to pen *Ujamaa – the Basis of African Socialism*. The publication, which articulated Julius Nyerere’s political and economic thoughts, would come to serve as the ideological, philosophical, and practical foundation Tanzania’s political economy beginning in 1962, when Nyerere was elected President of the new Republic of Tanganyika. Zanzibar, meanwhile, gained full independence in 1963 and in 1964, unified with Tanganyika to form the United Republic of Tanzania. Julius Nyerere remained President of the unified Republic.


Like most newly independent Sub-Saharan African countries, upon independence, Julius Nyerere faced the challenge of improving the productive capacity of Tanzania’s economy in order to foster economic development. The pursuit of economic development in Tanzania began with the country’s First Three Year Plan (1962 – 1964). Although the First Three Year Plan was not the offspring of Nyerere’s political and economic thought, it provided a significant basis for how Nyerere pursued economic development throughout his leadership of Tanzania. As documented in Ibhawoh and Dibua (2003); Lwoga (1989); De Vries (1978); and Ergas (1980), the First Three Year Plan evolved from an economic plan originally drafted by the British in the late 1950s. The focus of the colonial plan was to develop Tanzania’s rural regions in order to increase production and export of cash crops. This strategic goal was to be achieved by creating “a class of rich African peasants who after independence would maintain large-scale commercial agriculture” in Tanzania (Lwoga 1989). Working with the World Bank, Julius Nyerere converted the colonial plan into the First Three Year Plan, retaining essential elements of the founding document in the process, including:

- Agricultural development through extension services to the farmer class
• Increase in marketing facilities
• Extension of agricultural credit
• Building up of large-scale farm enterprises
• Establishing village settlement schemes in which farmers would be recruited to reside and participate in collective farming

With respect to the village settlement scheme, Tanzania’s poor financial situation in the immediate post-independent period necessitated a reliance on foreign sources to finance the program, with contributions coming from Great Britain, Israel, Ireland, and the United Nation’s World Food Program. According to Lwoga (1989), the village settlement scheme under the First Three Year Plan was expensive to the extent that the combination of all foreign loans and aid supported only five such settlements by the end of the First Three Year Plan, with only two of these settlements “doing well.”

At the end of the First Three Year Plan in 1964, the Nyerere regime expanded on the previous plan by producing the First Five Year Plan for the period 1964 to 1969. As with the First Three Year Plan, the World Bank played a critical role in formulating and setting objectives of the First Five Year Plan. More importantly, the First Five Year Plan maintained the policy focus of the First Three Year Plan. Thus, while the resulting plan expanded the timeframe for performance from three to five years, the focus on rural development, along with the First Three Year Plan’s agenda to create a “rich peasant” class to support cash crop production remained. According to Lwoga (1989), the settlement scheme consumed the bulk of development funds under the First Five Year Plan. In response to the poor performance of the First Three Year Plan, the First Five Year Plan set the ambitious goal of creating 69 villages throughout Tanzania. However, the vast
allocation of development funds to cash crop production significantly affected the government’s ability to speed up agricultural development. By 1969, overall agricultural production in Tanzania was low and poor performance was blamed on the “laziness and apathy” of rural peasants who could not modify their “traditional way of life” and adopt the modern agricultural techniques promoted under the First Five Year Plan (Lwoga 1989).

During implementation of the First Five Year Plan, Julius Nyerere embarked on his most ambitious experiment on Socialism. Influenced by Marxist ideology, Nyerere argued that the poor performance of both the First Three Year Plan and the First Five Year Plan was due to the manner in which agricultural production was structured and organized in Tanzania. To Nyerere, dividing agricultural production along the lines of a rich peasant class responsible for cash crop production and a middle/poor peasant class responsible for labor and food crop production allowed for exploitation of the latter class by the former class. Low peasant productivity, Nyerere concluded, reflected resentment by the peasant class towards the rich peasant class. To address the effect that class distinctions have on Tanzania’s ability to achieve a self-sufficient economy, Nyerere and the TANU leadership produced the Arusha Declaration of 1967. The document and its underlying socialist principles would come to serve as the political ideology and development paradigm of Tanzania until Nyerere’s resignation from the Presidency in 1985.

Guiding principles of the Declaration, as recounted in Toussaint [undated], included four “Essentials”:

1. The absence of exploitation – “Tanzania is a state of workers and peasants…but it is not yet a socialist state; it still has elements of capitalism and feudalism. A true socialist state will do away with these elements”
2. Workers and peasants control the means of production – “the way to build and maintain socialism is to ensure that the major means of production are under the control and ownership of the peasants and the workers themselves, through their Government and their co-operatives” (emphasis added)

3. Democracy – “A state is not socialist simply because all or all the major means of production are controlled and owned by the government. It is necessary for the government to be elected and led by peasants and workers” (original emphasis)

4. Socialism as an ideology – “The first duty of a [socialist leader] is to live by [the principles of socialism] in his day-to-day life. In particular, [socialist leaders] should never live on another’s labor, neither should [they] have capitalist or feudalist tendencies”

In addition to these principles, the Arusha Declaration highlighted self-reliance and a balanced approach to regional development, a reorientation of the relationship between peasants and industry, and hard work as key pillars for the pursuit of economic development. The Declaration also sought to redefine the role of political leaders relative to the general population, and characterized corruption as treason. Within 24 hours of the Declaration’s publication, the government of Tanzania nationalized private commercial banks and the country’s sisal industry, along with other industries, were brought under government control (Nyerere 1977). As a paradigm for economic development, the concepts, ideas, and expectations of the Arusha Declaration were realized through implementation of Ujamaa villagization, the focal point of which was to:

1. Advocate for people to establish their homes around a common center; and
2. Farm and develop lands through cooperatives rather than individuals

Ujamaa was very unique in its conceptualization. While it had its origins in European political thought (Toussaint [undated]; Stoger-Eising 2000), Nyerere attempted to ground its operating principles on “traditional African values.” According to Ibhawoh and Dibua (2003), these values emphasized the community and family, mutual respect, common property and labor, and the extended family system. In this regard, it can be said that like Park in South Korea, Nyerere applied some form of “African Ethic” as a means to align overall policy goals with the sociopolitical assumptions of Tanzanian society at the time. The normative construct of Ujamaa included:

- Freedom – because the individual is not served by society unless it is his
- Equality – in order for people to work cooperatively
- Unity – because only when society is unified can its members live and work in peace, security, and well being

These concepts clearly highlight social organization rather than economic objectives because in Nyerere’s framework, achieving the latter was a function of the former. In this regard, founding principles of Ujamaa, as a development paradigm, are different from South Korea’s prioritization. Although concepts of freedom and social development were pervasive in Park Chung-Hee’s political rhetoric, they were not pursued in concrete terms until the country’s Fourth Five Year Plan, when foundations for the pursuit of sustainable economic development had been established. In Nyerere’s strategy, however, social transformation superseded the economic imperative. In this regard, the focus on agricultural development through the values of freedom, equality, and unity, is understandable since Nyerere’s primary interest was to establish
a Tanzanian society whose experience was the polar opposite of the colonial experience (Ibhawoh and Dibua 2003). For Nyerere, it was important to realign elements of Tanzanian society that he believed were fragmented under colonialism.

However, in implementing the policy of Ujamaa under the Arusha Declaration, the Nyerere regime was unable to successfully address the class divisions he identified as the basis for the poor performance of the first two development plans. Even though Nyerere attempted to control private capital through nationalization, the approach proved ineffective as “many nationalized corporations went into partnership with a number of foreign firms, some of which were the original owners of the companies that had been nationalized” (Ibhawoh and Dibua 2003). The practical impact of this dynamic was continuation of the struggle that existed between private capital and the state, as exemplified in the reaction of Tanzania’s ruling elites to central elements of Ujamaa ideology. Even though Ujamaa sought to create a society of equals, “the planners, implementers, [and] managers belonged to a class whose interests [were] contradictory to those of the peasants,” a differentiation that “strengthened the status quo…in favor of the already better-off regions…and [led to] misdirection of implementation of rural transformation policies” (Lwoga 1989).

As a result of the Nyerere regime’s inability to fully dissociate independent Tanzania from its colonial roots, state direction of the economy, unlike in South Korea, failed to achieve its stated goal of a self-sufficient economy. In addition, government oversight and allocation of the means of production was “ineffective and inefficient” to the extent that “by 1975, it was already clear to policy makers that a development policy that was primarily centered on nationalization could neither solve the problems of underdevelopment nor offer expedient paths to economic self-reliance” (Lwoga 1989).
Ibhawoh and Dibua contend that due to the colonial influence on policymaking during the Nyerere regime, the performance of Ujamaa should be evaluated not from the standpoint of political ideology, but rather as a “development paradigm constructed… on the visions and imagery of emancipation and modernization” (emphasis added). For Nyerere, Ujamaa ideology presented an opportunity to counter the “objectification of African peasants and rural dwellers as hapless victims of underdevelopment who needed to be emancipated to higher levels of social and material wellbeing” (Ibhawoh and Dibua 2003). In practice, however, Ujamaa “meant alienating [peasants] from their cultural and social realities…” (Ibhawoh and Dibua 2003; emphasis added).

In the context of my research, the fact that Ujamaa “alienated” the peasants is informative on two grounds. First, unlike South Korea where Park Chung-Hee insisted on adapting Western political and economic constructs to South Korean “culture,” in Tanzania, the country’s sociopolitical assumptions were ironically suspended “in favor of transplanted Western ways of life,” the avoidance of which had been the basis for formulating Ujamaa as a political ideology (Ibhawoh and Dibua 2003). Second, and more importantly, whereas in South Korea development policymaking emphasized alignment with social norms, in Tanzania, it appears that the approach was to disengage broad development objectives from core social expectations.

The literature broadly establishes four reasons for the failure of Ujamaa development in Tanzania.131 First, there is the general belief that Ujamaa did not originate from rural peasants thus while there was initial support for the program, many peasants became suspicious of the program’s intent and refused to participate. Relatedly, the eventual use of coercion further dampened popular support for the program. Third, misalignment between interests of the

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131 See, for example, Lofochie (2014)
bureaucrats charged with implementing the program, and interests of the general public affected productivity in Ujamaa villages. Finally, the ‘rich peasant class’ ultimately pursued their self-interest and undermined the overall objective of the Ujamaa program.

Certainly if the objective of economic development, whether socialist or capitalist in orientation, is to improve the human condition in the form of improved socioeconomics, then economic development in Tanzania under Julius Nyerere can be said to have been successful. Pratt (1999) has made the case for highlighting social and political outcomes of Ujamaa, and Ibhawoh and Dibua (2003) emphasizes this point by noting that Nyerere’s Ujamaa policies produced “significant successes in social welfare in terms such as the provision of health and educational facilities; a movement towards greater social equality in income distribution; the maintenance of political stability and the achievement of a substantial degree of harmony between the country’s ethnic groups.” This argument is further supported by the observation that “by the early 1980s, Tanzania had one of the highest literacy rates in Africa with every [Ujamaa] village boasting of at least one village cooperative store while over 60% had relatively easy access to water supply, a health center, or dispensary. Ujamaa, the argument goes, “provided a bridge in the gulf between urban and rural dwellers by ensuring the latter’s access to basic social amenities” (Ibhawoh and Dibua 2003, emphasis added). Given initial conditions from which Julius Nyerere sought to make Tanzania’s economic system “more productive” rather than restructure core elements of the economy, it is understandable why the presence of “one village cooperative store” is considered an improvement.

In setting and defining Tanzania’s goals for economic development, Julius Nyerere (1964) remarked that the objective was “to have everyone in the Republic enjoy the highest standard of living possible at our stage of development” (emphasis added). The focus on “our stage of
development” is important because it supports the general view that economic expansion was not the primary focus of Nyerere and his Ujamaa policy. For Nyerere, contentment with what could be derived from agriculture was the focal point of development policy. The *Arusha Declaration* articulated this view by noting that:

> Because of our emphasis on money, we have made another big mistake. *We have put too much emphasis on industries*… It is a mistake because we do not have the means to establish many modern industries… We do not have either the necessary finances or the technical know-how. It is not enough to say that we shall borrow the finances and the technicians from other countries… Even if we could get the necessary assistance, dependence on it could interfere with our policy of socialism. The policy of inviting a chain of capitalists to come and establish industries in our country might succeed in giving us all the industries we need, but it would also succeed in preventing the establishment of socialism, unless we believe that without first building capitalism, we cannot build socialism.

(From the Arusha Declaration, as recounted in Toussaint [undated])

Nyerere’s villagization project produced some early results, including a reduction in capital flight within the first five years of the program’s implementation, mainly due to nationalization. In addition, there was increased mobilization of domestic resources, as exemplified by the increase in fixed capital formation from 15% of GDP in 1964 to 20% in 1969 and up to 26% by 1970. Balance of payments also increased from 81 million Tanzanian shillings to about 134.5 shillings (Lwoga 1989). These outcomes, however, were not sustained.

But if the overall objective of pursuing economic development is to expand or create a sustainable, self-functioning political economy capable of meeting the material and social needs of citizens over extended periods of time, then Tanzania’s experience should be reviewed and accepted with caution. This does not mean, however, that a capitalist model of economic organization or conversely, a socialist-informed approach, ought to be preferable. As Byrnes (2013) has argued, the fact that capitalism is the prevailing mode of economic organization is a
function of historical political outcomes as opposed to an indisputable, inherent quality that makes the capitalist system superior to any other form of organizing political economy. In fact, as (Mellor 2010) has argued, the global financial crisis of 2007 revealed significant fissures in the capitalist model. What should be emphasized, rather, is that between 1960 and 1980 Julius Nyerere explored an alternative model of organizing the political economy of Tanzania, but the model failed to meet the long-term sustainability requirement that is so crucial to a conceptualization of economic development.

From this perspective, critical questions that require further exploration include: 1) why was Nyerere’s vision for Tanzania short-lived while Park’s vision successfully transformed South Korean society? 2) Despite exhibiting similar characteristics in terms of their governance style (state-led, authoritarian, active direction of resources), why were South Koreans able to effectively support the strategic vision of Park Chung-Hee while Tanzanians eventually failed to support Julius Nyerere and his vision for economic development? 3) Despite the use of similar frameworks (bureaucracies) to implement and enforce their development policies, why did Tanzania fail to achieve the requisite level of development outcomes while South Korea successfully navigated the trajectory of low-income to high-income country? 4) Despite the overwhelming influence of prevailing cultural and social norms on the formulation of development policy, why is South Korean “culture” seen as a contributor to the country’s overall success while Nyerere’s cultural framework generated questions, if not doubt? In short, despite a preference by both Park Chung-Hee and Julius Nyerere for internally sourced economic development policies, why was South Korea successful in its pursuit of economic development while Tanzania is still attempting to jumpstart its economy?

Qualitative analysis of policy origins and development in the Tanzanian context

In this section, I assess the process of formulating and implementing development policy in Tanzania between 1960 and 1980. This will be followed by a comparative analysis of overall policy goals and objectives as well as performance. Following this assessment, I will evaluate my proposed theory against the performance of each observed policy. The section will conclude with some observation-based analysis and remarks.

Tanzania’s Policy Formulation and Implementation Process between 1960 and 1980

Similar to South Korea and association of the country’s economic development with Park Chung-Hee, the formulation and implementation of development policy in Tanzania between 1960 and 1980 is associated with Julius Nyerere first, and the ruling Tanganyika African National Union (TANU) second. As Bienen (1970) has argued, “insofar as policy initiation [in Tanzania] came from non-expatriates, it came, literally, from the head of Julius Nyerere.” This, Bienen continues, did not mean Nyerere’s ideas and policies were not subject to opposition, however. The formative years of Nyerere’s regime saw several policy failures primarily as a result of Nyerere’s desire to include democratic elements in his governing style. It can be said that prior to the Arusha Declaration in 1967 and the Second Five Year Plan, Tanzania did not necessarily have a “process” in place for the formulation and implementation of economic development policies.

The First Three Year Plan resulted from a report issued by World Bank and submitted to the Nyerere government in preparation for Tanzania’s independence. The report encouraged continuation of “earlier initiatives” of the colonial government that focused on providing support
to “progressive farmers” as the most viable path to economic development for Tanzania (International Bank for Reconstruction and Development 1960). When Julius Nyerere assumed the Presidency of Tanzania, the need for external funding, coupled with the relative high prices of export commodities on the international market helped rationalized Nyerere’s acceptance of virtually every aspect of the colonial plan.

Kjekshus (1977) and Harris (1967) have outlined several caveats that were not factored by Nyerere’s decision to accept the World Bank’s recommendation. First, these analysts note that improvements in the production of export crops were not the result of innovative techniques as proposed under the colonial plan. Rather, such improvements resulted from the farming of more land and a continued shift from food crop production to cash crop production. Thus, structural weaknesses in the colonial strategy were masked by high commodity prices on the international market at the time, which both the colonial government and Nyerere marked as the incentive for farmers to produce more cash crops. Ultimately, however, commodity prices fell and the defocus on crop production resulted in significant food shortages to such an extent that Tanzania had to increase food importation (Coulson 1975). Secondly, “a dispersed system of government agencies” was used to implement the resulting policy under the colonial plan and also under the Nyerere regime. The effect, consequently, was that government incentives and resources often failed to reach intended recipients. Thus, contrary to intent of both the colonial plan and the First Three Year plan, at the time Tanzania’s First Five Year Plan was being developed, the existence of a “capitalist farming class” in Tanzania was marginal to none (Harris 1967).

Policy Transitions from the Colonial Context: From the First Five Year Plan to Ujamaa Ideology
Formulation of Tanzania’s First Five Year Plan resulted from the Nyerere regime’s eventual realization and acknowledgement of the two caveats noted above. With respect to the latter, the Nyerere regime responded in 1963 by reversing colonial land laws and legislation that had the effect of concentrating land in a few hands. It is important to note, however, that this policy was also significantly driven by agitations within TANU for the Nyerere regime to speed up the process of “Africanizing” the Tanzanian economy (Kjekshus 1977). Nonetheless, this policy reversal was significant in that it expanded and served as the basis for formulating subsequent policies.

Similar to the First Three Year Plan, Tanzania’s First Five Year Plan was conceived and formulated with extensive World Bank input and influence. Although the World Bank did not recommend a shift from agriculture as the focus of development policy, several recommendations intended to address issues of technological innovation and structural deficiencies that characterized both the colonial plan and the First Three Year Plan were forwarded. Primary among these was the World Bank’s recommendation for the Nyerere regime to shift from a focus on building a capitalist farming class to a production model based on “village settlements.” This recommendation was based on the reality that while cash crop production remained Tanzania’s comparative advantage, the government did not have the requisite resources to adequately support small capitalist farmers. However, by organizing farmers under village settlements, limited government resources could be optimized.

The Nyerere regime implemented this recommendation by establishing a Village Settlement Commission to oversee settlement scheme. The overall goal for the Commission was to engage at least 1 million Tanzanians in village settlements by 1980. As Lwoga (1989) notes, because members of the Commission lacked the expertise to effectively discharge their responsibilities, it
became necessary to offer them training in “various subjects and skills” related to agriculture, cooperatives, health, and other focal points of the resulting policy. By 1966, the village settlement scheme had produced only 23 settlements involving 3,500 families, with a total of 15,000 acres of land farmed. The program was effectively closed due to poor performance. In assessing the village settlement scheme, the Village Settlement Commission faulted “unsuitable and unmotivated settlers” for the program’s poor performance (Kjekshus 1977).

While the Nyerere regime was working to mitigate domestic economic challenges, Nyerere’s standing with the international community faced significant strains by the mid-1960s. Nyerere had emerged as a strong personality in African politics, as exemplified by his role in the formation of the Organization of African Unity in 1963.\(^\text{132}\) Through this platform, Nyerere advocated for economic and political liberation in Africa, including calls for the overthrow of white supremacist rule in South Africa. Additionally, Nyerere’s decision to accept financial assistance from communist China, recognize communist German Democratic Republic (East Germany), as well as emergence of Kenya as the preferred destination for foreign direct investment by multinational corporations, combined to depress the availability of foreign aid to Tanzania (Amey and Leonard 1979).\(^\text{133}\) Since expectations of foreign assistance significantly factored into formulation and adoption of the First Three Year Plan and the First Five Year Plan, Nyerere’s disenchantment deepened with respect to the role that foreign aid could play in Tanzania’s economic development. Nyerere resolved that the future of Tanzania – and indeed the whole of Sub-Saharan Africa – depends on the ability of Africans to rely on their own resource

\(^{132}\) The Organization of African Unity (OAU) was replaced by the African Union in 2002. For a review of dynamics underlying the OAU’s transition, see Panford (2006).

\(^{133}\) Other factors that contributed to the weakening of Nyerere’s relationship included Tanganyika’s union with Zanzibar to form the Republic of Tanzania (which exacerbated the rebuke from the Republic of Germany [West Germany]), and his position on the US conflict in Vietnam. For further reading on Tanzania’s foreign policy positions in the 1960s, see Bjerk (2011); Bienen (1970).
for development. This ideological position, framed in practical terms as self-reliance and self-sufficiency, was articulated in several speeches and publications that eventually coalesced into the *Arusha Declaration* (See Table 10 for a summary of key events before and after formulation of the Declaration).

While core principles of the *Arusha Declaration* reflect the thoughts of Julius Nyerere, Bienen (1970),134 Amey and Leonard (1979), Kjekshus (1977), and Chachage and Chachage (2004) have all highlighted the central role played by TANU in the formulation and implementation of the *Arusha Declaration*. Structurally, TANU had three dominant bodies – the President, a position that was occupied by Julius Nyerere from the party’s inception in 1954 to Nyerere’s resignation in 1985135; the National Executive Council (NEC), which served as the policy and decision making body of the party; and the Central Committee (CC), which managed the day-to-day operations of the Party.

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134 Offers an impressively detailed account of the structure and operations of TANU, with a particular emphasis on how party politics shaped and affected implementation of core elements of the Arusha Declaration. For a helpful summary of the formative history of TANU, Mwanjisi (1961)

135 As previously noted, Nyerere emphasized the importance of having democratic elements in the social organization and politics of Tanzania. This was reflected in the fact that under the TANU constitution, the President was elected to serve five-year terms, a criterion that was applied to Nyerere over the course of his presidency.
<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Key Event</th>
<th>Description</th>
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<tbody>
<tr>
<td>April 1962</td>
<td>Nyerere's <em>Ujamaa - The Basis of African Socialism</em> published</td>
<td>Development must be based on traditional African values of the extended family</td>
</tr>
<tr>
<td>December 1962</td>
<td>Inaugural presidential address given by Nyerere</td>
<td>Highlights &quot;living in proper villages&quot; as the focal point of development</td>
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<tr>
<td>1962 - 1963</td>
<td>Emergence of settlement schemes</td>
<td>TANU Youth League initiates approximately 1,000 settlements</td>
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<tr>
<td>1963 - 1965</td>
<td>Effective supervision of settlements identified as problematic</td>
<td>Government assumes central planning of village settlements</td>
</tr>
<tr>
<td>1966</td>
<td>Ross Report presented to Nyerere</td>
<td>Criticizes planning and financing of village settlements, as well as lax supervision</td>
</tr>
<tr>
<td>January 1967</td>
<td>Arusha Declaration published</td>
<td>Emphasizes self-reliance and the creation of a self-sustaining economy</td>
</tr>
<tr>
<td>September 1967</td>
<td>Nyerere's <em>Socialism and Rural Development</em> published</td>
<td>Establishes Ujamaa villagization as Tanzania's official development policy</td>
</tr>
<tr>
<td>October 1968</td>
<td>Nyerere's <em>Freedom and Development</em> published</td>
<td>In response to reports that local politicians were forcing people into Ujamaa villages, the publication clarifies that participation in Ujamaa villages should be voluntary</td>
</tr>
<tr>
<td>March 1969</td>
<td>Presidential Circular No.1 published</td>
<td>Directs all government policies and activities to highlight the benefits of Ujamaa villagization</td>
</tr>
<tr>
<td>1970</td>
<td>Presidential Planning Teams deployed throughout Tanzania</td>
<td>Organization and planning of the villagization scheme remains problematic. PRT planners, however, lack experience and expertise</td>
</tr>
<tr>
<td>1971 - 1972</td>
<td>Operation Dodoma initiated</td>
<td>More than 30,000 families moved into 190 villages. Nationally, Ujamaa villages expanded, but communal production remains a problem</td>
</tr>
<tr>
<td>1973</td>
<td>Redefinition of villagization scheme from Ujamaa villages to &quot;Development Villages&quot;</td>
<td>TANU declares that to live in villages is now an order of the government</td>
</tr>
</tbody>
</table>

The President of TANU served as party chairman and appointed members to the Central Committee, which managed day-to-day affairs of the party and enforced strategic and policy.
decisions made by the NEC. Although TANU had separate and distinct mechanisms to oversee its operations, as President of TANU and the Republic of Tanzania, Nyerere was heavily involved in TANU’s strategic and operational decisions, including determination of promotions and appointments within the party. In fact, as Bienen (1970) notes, “up to 1964, Nyerere monopolized the articulation of a national political culture…and defined TANU to its members, the country as a whole, and the outside world.” The changing dynamics of Tanzania’s international alliances, coupled with increasing domestic calls to vest the means of production in African hands, prompted Nyerere and TANU to undertake “a global assessment of Tanzania’s development options” (Bienen 1970).

In performing this assessment, TANU did not necessarily have carte blanche to propose dramatic changes or alternative courses for Tanzania’s economic development, since the writings of Nyerere had clearly established the focus of Tanzania’s economic development by 1967. Indeed, when the previous colonial development plan was adopted, the regime relied on cabinet members of TANU to espouse benefits of the resulting First Three Year Plan and its underlying strategy of cash crop production. Politically, therefore, earlier decisions by the Nyerere regime had entrenched agricultural development not only within the political strategy of TANU, but also within the psyche of the general public. A deviation from this commitment, as Amey and Leonard (1979) points out, would have meant a significant weakening of TANU’s standing with the public. Thus, formulation of the Arusha Declaration represented a move for political survival on the part of TANU, as opposed to an unflappable belief that core tenets of the Declaration presented the best route to economic development for Tanzania.

Since Tanzania’s economy was predominantly agrarian in the immediate postcolonial environment, focusing on agriculture as the country’s development strategy certainly made
sense. In addition to allowing Tanzania to operate within its constraints and “comparative advantage,” such a strategy ostensibly provided the best opportunity for economic development to affect as many people as possible – two objectives that were very dear to Julius Nyerere. In this regard, and as Bienen (1970) acknowledges, the *Arusha Declaration* reflected practical political and economic considerations by both TANU and Nyerere.

As a result of TANU’s assessment of Tanzania’s “development options,” the party’s National Executive Committee (NEC) adopted the *Arusha Declaration* in 1967 – a set of principles and policies that collectively framed how TANU and Nyerere intended to pursue economic development given the development exigencies that Tanzania faced. With respect to the relationship between Julius Nyerere, TANU, and the National Executive Committee in the formulation of public policy, Bienen (1970) rejects the position that the *Arusha Declaration* was the end-product of deliberations by TANU and the NEC:

> A great deal has been made of the fact that the NEC examined [the Arusha Declaration] and that [it] was submitted to the NEC before it was to be submitted to the National Assembly. But neither the NEC nor the National Conference ‘made’ policy in the plan. Indeed [President Nyerere] introduced [the plan] to the National Conference at the end of May. The plan was available in written form in June. Nor did TANU officials shape the plan as it was written. Often, delegations from National Headquarters did not appear when they were to meet with the planners. *What can be said, however, is that President Nyerere himself infused the plan with many of his ideas and that he spent a great deal of time with the planners and insisted on alterations which would express his views on socialism.*

(Emphases added; in-text quotation in original)

As outlined in Toussaint [undated], the Arusha Declaration emphasized:

- Rural, and specifically agricultural development
- Understanding of rural socialism focused on cooperative and communal villages, rather than state farms or independent peasant homesteads
• A new education policy reflecting Tanzanian socialist values
• Nationalization of industry and the banking sector\textsuperscript{136}
• Development as a whole to be achieved through self-reliance rather than by calling for foreign aid in capital development and for technical assistance\textsuperscript{137}
• Social goals over narrowly defined economic terms\textsuperscript{138}
• The need for leaders to observe specified code of conduct
• The need for Tanzania to maintain independence in framing foreign and domestic policy
• National independence as the basis for individual dignity

In addition to reflecting policies on socialism and self-reliance – which had been prevailing themes of Nyerere’s writings leading up to the \textit{Arusha Declaration} – core elements of the Declaration included TANU’s Creed, TANU Membership, and Resolutions of the National Executive Committee. Effectively, therefore, the \textit{Arusha Declaration} was a Party charter,\textsuperscript{139} that also served as an economic development strategy in the form of Ujamaa villagization. Indeed, it is in this regard that Bienen (1970) conclude that “[the Arusha Declaration was] directed at

\textsuperscript{136}At the time of independence, industrial activity in Tanzania was limited to the processing of coffee, cotton, and sisal – a fibrous plant primarily used in the manufacturing of rope and twine. Nyerere’s nationalization strategy, therefore, was to generate surplus in these industries – which formed the basis of Tanzania’s import substitution strategy – and to use that surplus to support the country’s overall agricultural development strategy (Lwoga 1989).

\textsuperscript{137}Bienen (1970) distinguishes between self-reliance as articulated in Nyerere’s ideology and autarky – an enclosed economic system whereby the domestic economy produces only for domestic consumption – by noting that in the Tanzanian context, self-reliance was a mechanism to prevent disruptions to economy activity that often resulted from the foreign policies of external agents. Additionally, the concept of self-reliance was a way for domestic agents to rely on themselves rather than the government (given limited resources of the latter) for their progress. However, Ibhawoh and Dibua (2003), Lwoga (1989), and Kjekshus (1977) all note that in practice, self-reliance was equated with individualism and that this misinterpretation of the ideological contributed not only to individuals opting out of Nyerere’s villagization scheme, but the ultimate failure of Ujamaa as a development policy.

\textsuperscript{138}Reflects my earlier assertion that for Nyerere, the overall objective of development was peaceful social organization rather than the pursuit of economic ends. Equality, therefore, was defined not in terms of parity in income distribution, but rather as the absence of exploitation. For further reading on this aspect of Nyerere’s ideology, see Nyerere (1977).

\textsuperscript{139}Nyerere himself acknowledged this much in his 10-year assessment of the Arusha Declaration and Ujamaa development policies. For further reading, see Nyerere (1977).
TANU members, and particularly at leaders, even more than at the general public….It was dissatisfaction with elements within TANU which provoked a major part of the Arusha Declaration.” This conclusion is validated by the fact that the Declaration, in an effort to galvanize and establish socialism as the foundation for Tanzania’s political economy, required leaders within TANU to essentially do away with all forms of private wealth – including sale of any shares owned in private companies.140

Convinced by linkages between Ujamaa ideology, traditional African values, and traditional modes of agricultural production (which prevailed in Tanzania at the time), the Nyerere regime did not institute any explicitly formulated process to implement, monitor, and evaluate the Ujamaa scheme. The centrality of Ujamaa to TANU’s political strategy as well as Nyerere’s development objectives for Tanzania was never in doubt. This was exemplified by the creation, in 1968, of a section within TANU to organize construction of Ujamaa villages, as well as the creation of the Organization and Planning Office within the Prime Minister’s Office to oversee agricultural production in rural areas in Tanzania. Indeed, Nyerere himself established a Permanent Commission on Enquiry that traveled with him throughout Tanzania with the goal of hearing “complaints” about Ujamaa directly from people (Bienen 1970; Nyerere 1977).

Consistent with Nyerere’s assertion that an element of democracy was necessary in Tanzania even if the country was embarking on a Socialist course, participation in Ujamaa villages was originally designed to be voluntary. The government resigned itself to providing the necessary inputs to help modernize agricultural production, but accorded significant leeway to farmers participating in Ujamaa villages in terms of deployment and application of those tools.

140 Lwoga (1989) has remarked that in debating values of the Arusha Declaration, a key consideration for political leaders was the fact that the majority of TANU members were career politicians who lacked the skills and desire to be farmers. Accepting principles of the Declaration, therefore, was not a practical option.
Consequently, political “exhortations” that touted the “benefits and advantages” of Ujamaa villagization became the primary mechanism for policy implementation (Nyerere 1977). Benefits of Ujamaa, as espoused in TANU pamphlets and other propaganda materials included division of labor, opportunities for service and technological innovation, and increased productivity through joint efforts (Lwoga 1989; Bienen 1970). On the social front, the regime promoted “lack of exploitation” in Ujamaa villages as a form of African democracy, which it conceived as important to peasant farmers (Bienen 1970).

As Nyerere himself articulated, this ideological campaign was to proceed in three phases. First was to educate political leaders within TANU on the advantages of the Ujamaa program. Next, the regime was to undertake mass education and planning among the peasants, following which the creation of an Ujamaa village was to commence. Kjekshus (1977), however, note that in practice, the ideological campaign “convinced” only TANU’s political leadership. With respect to the general public, Kjekshus continues that “in the absence of any large-scale and effective campaign at the grass root to educate the people [on] the aims and principles of Ujamaa, the situation played into the hands of uninformed rumor-mongers exploiting anti-Ujamaa biases.” The principle of “voluntary implementation” will ultimately have significant adverse effects on Ujamaa development.

In formulating my analytical framework and in particular the “Alignment” criterion, I noted that the effect of this criterion is seen in the manner in which the policymaking process incorporates expectations of the general public. In the case of South Korea it was demonstrated that the Park regime met this criterion through the use of public forums that were designed to capture and

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141 Lwoga (1989) has noted that as a result of the mass education component of the implementation strategy, primary education was extended and made free throughout Tanzania. The author consequently attributes Tanzania’s relatively high adult literacy rates at the end of the Nyerere regime to his education policies under Ujamaa.
reflect public input in the formulation of development policy. Thus, while the overarching policy objective may not have been the outcome of popular consult, its implementation reflected ideas and expectations from key segments of South Korean society. Coupled with this, dissemination of Park’s Monthly Economic Report provided another avenue for the general public to feel a sense of ownership in the economic development process. With respect to Tanzania, even though “the Ujamaa strategy was advanced from the peasantry’s point of view” (Coulson 1975), it does not appear that the resulting policy reflected general expectations of the Tanzanian public. This is evident in the fact an ideological campaign was necessary in order to convey the benefits of Ujamaa to the general public.

If Ujamaa strategy reflected “the point of view” of the general public, it was suggestive rather than actual. Even though it is abundantly clear that Nyerere had the general welfare of all Tanzanians in mind in formulating both the Arusha Declaration and the resulting policy of Ujamaa villagization, what remains unclear in the literature is 1) whether in a non-colonial context where agricultural production was concentrated, the peasantry saw itself as exploited;\(^\text{142}\) 2) if exploited, whether the peasantry considered decentralized agricultural production as the best counter for the effects of exploitation; and perhaps more importantly, 3) whether the peasantry saw the focus on cash crop production as the most prudent solution – a point that was raised by the National Assembly in their reaction to the Arusha Declaration (Nyerere 1967).

\(^{142}\) Lwoga (1989) makes the point that part of the reason why Tanzanians were initially receptive to the First Three Year and First Five Year Plans and their focus on cash crop production was that prior to the transition to Nyerere’s rule, such a focus had generated significant outcomes for farmers. Similar performance was therefore expected under the First Three Year and the First Five Year Plans. The implication here is that the general abuses of colonialism notwithstanding, concepts of exploitation may have been a formulation of Tanzania’s political elite (see Nyerere 1967) that was transferred and interpreted as a society-wide concern. In this regard, the extent to which the general Tanzanian public desired rescue from exploitation and thus provided a basis for the ideological campaign of Nyerere with respect to implementation of Ujamaa remains very questionable.
In fact, in assessing the performance of Ujamaa, Hyden (1975) noted that "it is rarely the views of the villagers themselves or their ability to run their own affairs that have determined the expansion and diversification of activities [in the villages] but usually the demands of manifest loyalty to the President and Ujamaa." Thus, while Nyerere’s development schemes – and in particular Ujamaa policy – initially enjoyed public support (Nyerere 1977; Lwoga 1989; Ibhawoh and Dibua 2003), it is very likely that this support was the byproduct of the euphoria that swept Sub-Saharan Africa in the immediate postcolonial period, rather than as an expression of any popular conception that the resulting policies reflected core expectations of the general populace. So, the contents of and viability of Ujamaa as a development strategy notwithstanding, how did the overall policy implementation process contribute to the program’s disappointing performance? Why did it become necessary for TANU to declare, in 1973 that participation in Ujamaa villages was compulsory and that all Tanzanians were required to participate in the scheme by the end of 1976?

Bienen (1970) notes that prior to the nationalization that resulted from the Arusha Declaration, wages in Tanzania’s private sector, were increasing at an average rate of 20%. With implementation of the Declaration and Ujamaa implementation, however, it became necessary for the government to impose a 5% ceiling on total wage increases throughout the economy. In fact, going back to the First Three Year and the First Five Year Plans, productivity from the villagization scheme and overall economic activity in Tanzania was marginal to the extent that Nyerere declared he was permanently reducing his salary by 20%. Following in Nyerere’s footsteps, civil servants with annual salaries of $5,300 took a 10% reduction in pay, while heads of regional governments responded with a 15% reduction in their salaries. Members of Parliament, who maintained an annual salary of $2,200 at the time and who had reacted
aggressively to the *Arusha Declaration*, did not take a pay cut but were instead denied salary increases to which they felt entitled (Bienen 1970).

One of the key challenges that the Nyerere regime faced with respect to implementation of the Ujamaa program was the legal status not only of the Ujamaa villages,\textsuperscript{143} but also of the individuals that were participating in the program, many of whom had actually been relocated from their original homesteads. Perhaps as a result of the “voluntary” approach to implementing Ujamaa policy, it was not until 1975 – nearly ten years after the *Arusha Declaration* – that the Nyerere regime promulgated legislation on the legal status of Ujamaa villages, the villagers, and any property brought into the village. In fact on the latter point, failure on the part of peasants to comply with Ujamaa’s policy goals stemmed from fear that the program was a device by the government to seize their property – including land (James 1973).\textsuperscript{144} It is worth noting that rather than addressing structural elements that underlined challenges of implementing the program, the focal point of the 1975 legislation was to redefine Ujamaa as a “planned development village” intended to serve multiple purposes. Newly defined purposes, however, were simply a restatement of previous goals of the program. The legislation, therefore, failed to assuage concerns of the individuals and families engaged in Ujamaa villagization.

According to Freyholdt (1973), another crucial element to the policy failures of Ujamaa was the fact that both planners and implementers tended to exclude the “peasantry” from the planning process, consulting them “only after a future village site has been established.” Compounding this problem was that fact that the planners and implementers 1) were often civil servants with

\textsuperscript{143} I evaluate the legal environment in Tanzania during the Nyerere regime, and the extent to which constitutional law influenced the formulation and implementation of development policy in Tanzania between 1960 and 1980.  
\textsuperscript{144} As previously discussed, the reliance on voluntary participation and the absence of a coordinated strategy for implementing Ujamaa led to distortions of the program’s objectives, especially among individuals who disagreed with the program’s underlying premise and ideology.
limited knowledge of the area where a Ujamaa village was to be established; 2) had interests that
generally differed from interests of the peasants; and 3) as members of the bureaucratic class,
“had the most to lose if socioeconomic transformation took place and the status quo was
destroyed.” They therefore “misdirected” the implementation of “rural transformation polices”
(Lwoga 1989). In practice, the combination of these factors meant that Ujamaa villages were
established with a bias towards administrative control, rather than to conditions (such as soil,
water) that were conducive to increased agricultural production, insights that the peasants could
have brought to inform implementation.

Additionally, Freyholdt (1973) notes that Ujamaa policies often reached local implementers in
the form of “broad generalities” rather than concrete explications, a dynamic that often led to
varied interpretations of the policy goals of Ujamaa, and which the legislation of 1975 sought to
address. Moreover, implementation of Ujamaa was often regional in scope, which expanded the
size of respective programs and in turn affected coordination and administrative efforts.

Overall, approximately 500 million Tanzanian shillings were spent between 1969 and 1974 on
the Ujamaa program. As a result of the 1973 TANU directive making participation in Ujamaa
villages compulsory, “thousands of bureaucrats” were moved into rural areas in an effort to
strengthen administration of the program (Kjekshus 1977). Resources, including public funds for
earmarked for establishing health facilities and primary schools in rural areas were redirected
towards the Ujamaa program. The sudden and erratic influx of resources created an environment
where a “patron-client relationship” emerged between the peasants and the bureaucrats, creating
conditions for deepening corruption (Hyden 1975).

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145 For a first-hand account of the nature of forced villagization as a result of the 1973 directive, see Matango (1975).
In his ten-year assessment of the *Arusha Declaration* and the resulting policy of Ujamaa villagization, Nyerere remarked that “Never a month has passed without further endeavors by TANU, Government, public institutions, or individual groups of the people themselves, to translate into a reality the principles and polices outlined in these basic Party documents” (Nyerere 1977). Nyerere’s commitment to the Arusha Declaration and the resulting policy of Ujamaa development certainly did not wane, even in 1985, when poor economic performance, worsening domestic crisis, and declining terms of trade necessitated the resignation of Julius Nyerere as President of Tanzania, and led his successor, Ali Hassan Mwinyi to turn to the World Bank for relief.

**Policy Categorization: Assessing Tanzania’s Development Policies for Defined Criteria**

*Role and Extent of External Agent Influence in Policy Formulation*

I have established in preceding sections that for all intents and purposes, Tanzania’s First Three Year Plan was a continuation of colonial strategies. Furthermore, the World Bank played a significant role in convincing the Nyerere regime to continue with the development strategy of the colonial government, and advice from Israel was also considered in implementing the First Three Year Plan (Lwoga 1989). Thus, I conclude that external influence in formulation of the First Three Year Plan was strong. With respect to formulation of the First Five Year Plan, the primary source of external influence was the World Bank, who established the core strategy for the plan. Since the Nyerere regime adopted and implemented the resulting policy in its original form, I will conclude that external influence was also strong during formulation of the First Five Year Plan. On the other hand, because the Second and Third Plans were formulated within the framework of Ujamaa, and because Ujamaa was an ideological product of Julius Nyerere and
TANU, I will conclude that external influence during formulation and implementation of these plans was low.

**Acceptability of Resulting Policy to External Agents**

Tanzania’s First Three Year and First Five Year Plans were generally acceptable to external agents, notably the World Bank and Great Britain. Great Britain provided the bulk of the aid needed to implement the First Three Year Plan (Lwoga 1989). Similarly, World Bank granted financial packages to Tanzania to support implementation of the first two plans, a signal of the plans acceptability to the World Bank. In addition to Great Britain and the World Bank, Tanzania also received support from Israel, Ireland, and the United Nation’s World Food Program. Consequently, I conclude that external agent acceptance of Tanzania’s development strategy was strong during implementation of the First Three and the First Five Year Plans.

Publication of the *Arusha Declaration* in 1967 signaled to the world that Nyerere had every intention to transform Tanzania into a socialist country. Consequently, external agent support and perspective on Tanzania shifted from economic to political considerations, with the latter bearing greater weight in external agent decisions. Thus, “as a way of teaching Tanzania a lesson [for its socialist orientation], Western countries and the international financial institutions … were bent on ensuring the failure of Ujamaa” (Lwoga 1989). World Bank and IMF support and assistance to Tanzania, ceased in effect.146 Even though “several Scandinavian countries were impressed by [Nyerere’s] commitment to self-reliance,” overall, external agent acceptance of

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146 Tanzania would be forced, in the 1970s, to accept IMF packages in response to a worsening of its domestic economy. Whereas earlier packages were granted in the form of grants and aid, IMF assistance to Tanzania in the 1970s came in the form loans. The resulting debt burden impacted Nyerere’s ability to finance his Ujamaa scheme domestically. By 1985, Tanzania had virtually no option but to accept IMF conditionality and to begin the process of liberalization its economy.
Ujamaa policy was tepid. Consequently, I conclude that external agent acceptance of Tanzania’s Second and Third Plans – all derivatives of Ujamaa ideology – was low.

**Alignment of Policy Goals with General Public Expectations**

According to Ibhawoh and Dibua (2003), basic concepts of the First Five Year Plan did not reflect broad social aspirations. Moreover, while the Arusha Declaration received initial public support, by the mid-1970s, voluntary participation in Ujamaa villages had given way to coercion by the time the Second and Third Five Year Plans were implemented. “The peasant farmers,” according to Ibhawoh and Dibua (2003), “did not embrace [Ujamaa] because its manner of implementation was out of tune with the social and cultural realities of the rural economy…” [Moreover, the peasants] saw the scheme as not relevant to them… Ujamaa failed partly because of its inadequate appreciation of the Tanzanian reality and the fact that it was more utopian than practical” (emphasis added).

The extent to which Ujamaa ideology and development objectives were disconnected from the “Tanzanian reality” becomes clear upon reviewing questions posed by Tanzania’s National Assembly in their reaction to the Arusha Declaration. Nyerere himself was disappointed that, “Many questions received [from the National Assembly]…related to just one section of the Arusha Declaration – that on qualifications for leadership. There was not even one question on Socialism and Self-Reliance” (Arusha Declaration 1967; emphasis added). Key concerns of TANU’s leadership included:
• If a man sells his second house, what does he do with the money if he is not allowed to invest it and enjoy the income from investment?147

• Due to the Arusha Declaration, property values have gone down. If a man cannot sell his house...what is he to do?148

• If a man has taken the lump sum pension he received after 15 years’ service in the British Civil Service, and has invested that money in a house which he lets out, is it just to ask him to sell that house?149

• If a man is not allowed to invest in property...is this not barring Africans from participating in development...and handing this development over to Asians and foreigners? Is this right or wise?150

In addition to these questions, practical concerns raised by the National Assembly included the impact of the Arusha Declaration on a person’s ability to “get security for his wife and children in the event of his death;” “guarantee education for his children in the event of his death;” and “provide for his old age when he is too old to farm.” Nyerere’s response to these and related

147 Nyerere’s response was that the income from such a sale can be invested in a bank or used to purchase government stock. Interest could be earned and “enjoyed.” This assurance notwithstanding, such a question suggests that private interest was strong at the time of the Arusha Declaration, but that the policy sought to curb such interests in some way. That the Arusha Declaration was not modified to account for private interests represent not only a missed opportunity, but it also provided the platform for the perverse behavior of bureaucrats during implementation.

148 Nyerere’s reaction to this question was that “however little [the profit from the sale of a house] is, it should be remembered that the owner has done nothing to earn it; he has obtained money just by being one of the few who were able to borrow the money necessary to build. [As such,] we certainly hope there will be no success for the person [selling] for 20,000 the house which had cost him 7,500.” Such a point view reflects my earlier assertion that contentment with the prevailing structure and productive capacity of Tanzania’s economy was an integral component of Nyerere’s vision.

149 Nyerere: “If the man in question...wants a leadership position in the Party or the Government, it is definitely not unjust to ask him to behave like the 99.9 per cent of the people whom he says he wants to lead or serve” (emphasis added).

150 Nyerere: “This is [an] appeal to racialism by a selfish minority, which hopes to confuse the majority and thus secure benefit for themselves. The Arusha Declaration does not stop the activities of African capitalists, or would-be African capitalists, any more than it stops other capitalists, be they European or Asian. What the Arusha Declaration does is to say that if Africans or any other Tanzania Citizens chose to be capitalists, then they must forfeit their right to lead a Socialist Part or hold a position of responsibility in a Government committed to socialist objectives.”
questions was that members of the National Assembly should not be treated differently than the average Tanzanian. In essence, Nyerere advocated for the leader concerned about the welfare of his family to live and employ the same means used by the general populace to care for their families and plan for their old age. In this context, there were questions as to whether the Declaration was being put into effect too drastically and without thought and planning.

In this regard, I will argue that Julius Nyerere was perhaps short-sighted in his ability to align core objectives of his development strategy with practical expectations of the National Assembly or the Tanzanian populace.

Because the Tanzania’s Second and Third Five Year Plans were implemented within the framework of the Arusha Declaration, and because the Declaration itself did not align with broad social expectations on the direction and content of economic development, I will conclude that the overall level of alignment between policy goals and social expectations was low for these plans. Similarly, because the First Three Year Development Plan and the First Five Year Development Plan were modifications of a previously existing document formulated by Tanzania’s colonial government to perpetuate its economic objectives – which did not reflect broad social expectations – I will conclude the level of alignment was low for these Plans as well.

**Policy Continuity**

In adopting the colonial plan that evolved into Tanzania’s First Three Year Plan, the Nyerere regime did not make adjustments to policy objectives or strategic focus of the colonial plan. Since the colonial plan was effectively adopted intact, I conclude that policy continuity was high
during formulation and implementation of Tanzania’s First Three Year Plan. Additionally, the regime’s “improvement strategy” during formulation of the First Five Year Plan simply sought to address performance gaps that resulted from implementation of the First Three Year Plan. In taking this approach, the basic structure and objectives of the First Three Year Plan, which itself reflected policy goals of the colonial regime, were carried forth into the formulation and implementation of the First Five Year Development. Policy continuity, therefore, remained high during this policy epoch as well. Both plans were also implemented without interruption to their intended life cycles.

Even though the *Arusha Declaration* and Ujamaa policy formalized and extended the availability of government resources to the villagization scheme of the First Three and First Five Year Plans, the focal point of Tanzania’s economic development strategy did not change under the Arusha framework.\(^{151}\) Even as coercion became a necessary tool for getting peasants to participate and settle in Ujamaa villages, Tanzania’s Second and Third Five Year Plans steadfastly reflected the First Three Year Development Plan’s focus on cash crop production. The persistence of this policy objective between 1960 and 1980 is what leads some analysts to conclude that “in its operation, the [Ujamaa] scheme did not seek a radical transformation of the existing colonial-oriented production structures” (Ibhawoh and Dibua 2003). Thus, I will classify policy continuity

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\(^{151}\) Kjekshus (1977) argues Ujamaa policy, as articulated in the *Arusha Declaration*, signifies a break from agricultural policies of the colonial government, and the villagization scheme of the First Three Year and First Five Development Plans. According to Kjekshus, even though Ujamaa continued to focus on villagization as the preferred model for the pursuit of economic development in Tanzania, previous villagization schemes were seen as a precondition for receiving foreign aid in support of the country’s agricultural development. Under Ujamaa however, Kjekshus argues, villagization was considered a “precondition for peasant self-reliance and collective land exploitation.” I disagree with Kjekshus’ assessment and distinction. Certainly, the shift from villagization for the sake of aid to villagization in the interest of self-reliance matters. But as Nyerere himself remarked, this shift was necessitated by the slow pace and often inadequate volume of aid made available to support Tanzania’s development efforts. Thus, while Kjekshus’ distinction is conceptually sound with respect to motivating factors for the pursuit of villagization, in practice, the overarching theme of Tanzania’s economic development strategy – both during and after the colonial period – was to expand production of export cash crops.
as high during formulation and implementation of the Second and Third Five Year Plans. Table 11 summarizes the policy origins categorization for Tanzania.

Table 11: Summary of policy origins classification for Tanzania, 1960 - 1980

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Presence and Influence of External Agents</td>
<td>High - Policy was based on previous colonial plan; modified by World Bank</td>
<td>High - Resulting policy product of World Bank recommendations; TANU involved in formulation but marginal</td>
<td>Low - policy formulation and implementation was entirely under Nyerere's and TANU leadership and authority, with limited foreign expert involvement</td>
<td>Low - policy formulation and implementation was entirely under Nyerere's and TANU leadership and authority, with limited foreign expert involvement</td>
</tr>
<tr>
<td>Acceptability of Policy to External Agents</td>
<td>High - Strong support from Britain and other socialist countries. Also supported by World Bank</td>
<td>Moderate - Not wholly rejected, but limited external support due to Tanzania's foreign policy positions</td>
<td>Low - Explicit external objection or praise of Ujamaa policy absent</td>
<td>Low - Explicit external objection or praise of Ujamaa policy absent</td>
</tr>
<tr>
<td>Alignment with Domestic Aspirations</td>
<td>Low - Plan was produced without domestic stakeholder input</td>
<td>Low - Plan was produced without domestic stakeholder input</td>
<td>Low - Resulting plan was developed with general population in mind, but objectives did not reflect core social expectations</td>
<td>Low - Resulting plan was developed with general population in mind, but objectives did not reflect core social expectations</td>
</tr>
<tr>
<td>Policy Continuity</td>
<td>High - Resulting policy was implemented through its intended life cycle without interruption</td>
<td>High - Resulting policy was implemented through its intended life cycle without interruption</td>
<td>High - Resulting policy was implemented through its intended life cycle without interruption</td>
<td>High - Resulting policy was implemented through its intended life cycle without interruption</td>
</tr>
<tr>
<td>Overall Classification</td>
<td>Externally Sourced</td>
<td>Externally Sourced</td>
<td>Internally Sourced</td>
<td>Internally Sourced</td>
</tr>
</tbody>
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A few comments on whether GDP is the appropriate indicator for evaluating the relationship between policy origins and economic development, in the particular case of Tanzania. While by definition GDP, as a measure of economic performance, takes into account the productive capacity of all sectors of the economy, there is an inherent bias in associating GDP with
industrial production (Castles and Henderson 2014). For the South Korea case study, GDP was an appropriate measure for evaluating economic performance since the country’s strategy for the pursuit of economic development augmented industry and marginalized agricultural production.

Tanzania presents a different challenge. The focus on agriculture as the vehicle for pursuing economic development between 1960 and 1980 suggests that evaluating the country’s level of economic performance during this period solely through GDP may distort the overall picture, a point that has also been raised in Ibhawoh and Dibua (2003). Since Tanzania’s economic development policies focused on enhancing agricultural production during the period under study, I believe contextualizing the performance of Nyerere’s development policies could help provide a better picture of the overall effects of resultant policies. In other words, by evaluating socialist paradigms through capitalist optics, we could be missing key aspects of the Tanzanian experience and lessons that can be extracted from any such analysis. In the context of this dissertation, I will evaluate Tanzania’s economic performance through changes in the country’s annual GDP growth during the period under study. This, however, is primarily to ensure methodological and analytic parity with the South Korean case presented in chapter 4. While several studies highlight changes Tanzania’s agricultural production during the Nyerere period,¹⁵² a study that specifically uses changes in agricultural production as indicator to evaluate the relationship between policy origins and economic development is strongly recommended.

Lastly, GDP data for Tanzania – and specifically annual changes in the GDP rate – from preferred sources typically start from the 1980s. In other words, unlike South Korea, pre-calculated GDP rates for Tanzania between 1960 and 1980 are often presented as averages or

¹⁵² See, for example, Ndulu and Mutalemwa (2002)
aggregates across a specific time period (usually five years). Given the overall focus and purpose of my research, applying average rates of GDP growth presented a challenge in terms of the ability to assess economic changes in specific periods during which development policies are being observed. I addressed this challenge by calculating annual GDP growth rates from nominal data extracted from the United Nations for Tanzania, using the following formula from the U. S. Bureau of Economic Analysis (2008):

\[ r = \left( \frac{GDP_t}{GDP_0} \right)^{m/n} - 1 \times 100, \]

Where \( GDP_0 \) is the gross domestic product value at an earlier period, \( GDP_t \) is the GDP value at a later period, \( m \) is the periodicity of the data (in this case 1 for annual data), and \( n \) is the number of periods between the two GDP values. It is important to note that while it is often necessary to adjust growth rates by applying an inflation factor to account for possible carryover effects in the data, such an adjustment was not performed on my calculations due to the scarcity of de-aggregated, period-specific inflation data for Tanzania, especially for the 1960s time period. Thus, while my calculated growth rates may differ from other inflation-adjusted rates, the underlying trend in the data remains unchanged, even if growth is based on a straightforward annual change in the nominal data.

With this caveat in the data addressed, I will now proceed to examine the extent to which evidence from Tanzania augments or detracts from my proposed theory that the internal or external origin of a particular policy affects the extent to which the resulting policy influences and drives economic development.

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153 See, for example, World Bank (1978)

Comparatively, the four economic development plans formulated and implemented by Tanzania between 1960 and 1980 do not differ much with respect to overall policy goals. Formulation of the First Five Year Plan (1965 – 1969) was to correct seeming gaps identified under the First Three Year Plan. Like the plan before it, the First Five Year Plan was designed to maintain the overall focus on expanded agricultural production with increased production of cash crops as the preferred strategy for enhancing Tanzania’s economy. Unlike the First Three Year Plan, however, the First Five Year Plan had as an objective expansion of the country’s industrial base. Even though Nyerere was explicit in noting that industry, in the form and structure seen in advanced capitalist societies was not part of Tanzania’s short-term development strategy (Nyerere 1967), that the First Five Year Plan made allowance for expansion of industry is significant.

The literature on economic development in Tanzania, especially under Nyerere, predominantly focuses on Nyerere’s commitment to socialist ideals and sustained pursuit of agricultural development. While agriculture – and in particular villagization schemes to improve agricultural production – occupied the bulk of Nyerere’s economic development focus, inclusion of industrial expansion in the First Five Year Plan signifies that Nyerere saw industrial production as a complement to his overall vision of socialism. It is the staging or prioritization of the respective sectors in the overall development scheme that is perhaps questionable, a point made by Nyerere’s Minster of Economic Planning (Babu [undated]). It is also important to note that Nyerere’s definition of industry, in this regard, was limited to expansion of Tanzania’s sisal, cotton, coffee, and tea processing industry. Creation of light industries to manufacture consumers
goods such clothes was to be pursued later – although heavy industry did not significantly factor into Nyerere’s development strategy (Ndulu 2002).\textsuperscript{154}

Another important aspect of the First Five Year Plan was the government’s plan to increase access to external sources of finance while reducing the government’s overall share of the cost to fund Tanzania’s economic development strategy. This strategy was certainly based on the relatively strong value of commodities, as well as Nyerere’s standing with external agents (including the World Bank) during formulation of the First Three Year Plan and heading into implementation of the First Five Year Plan. However, by the end of the First Five Year Plan’s policy cycle ended in 1969/1970, the government of Tanzania had contributed more than 65\% towards the total cost of implementing initiatives under the First Five Year Plan. In fact, this level of government resource requirement would be maintained and in some cases, increase throughout Nyerere’s regime (Nursey-Bray 1980).

Under Julius Nyerere, Tanzania did not truly embark on the process of internally sourced development policies until formulation of the Second Five Year Plan (1970 – 1974). It was around this period that Nyerere’s socialist views occupied designated space in Tanzania’s economic development trajectory. While policies formulated under the Second Five Year Plan were conceived in 1967 as part of the \textit{Arusha Declaration}, Ujamaa, as the unequivocal development framework for Tanzania commenced with the Second Five Year Plan. In formulating this plan, the Second Five Year Plan modified policy objectives of the First Year Plan by strengthening the government’s nationalization efforts – which was more intense during

\textsuperscript{154} A key difference between the development strategy pursued by park in South Korea and Nyerere in Tanzania is that in the case of the former, the overall path to economic development was structured as: light industries, then heavy and chemical industries, then agriculture, and finally social development. In the case of Nyerere and Tanzania, however, a complete reversal of the South Korean path is what can be observed.
the early years of the *Arusha Declaration* – and shifting from the First Three and First Five Year Plans’ emphasis on supporting a small farmer class, to a broad-based and regional agricultural development framework. In practice, however, the government was not successful at achieving its objective of spreading investment evenly across regions. As Figure 16 shows, nearly 60% of all government resources spent on Ujamaa villagization went to the coastal region.

**Figure 16: Distribution of government resources by region in Tanzania, Second Five Year Plan**

![Pie chart showing distribution of government resources by region in Tanzania, Second Five Year Plan](chart.png)

In formulating the Third Five Year Plan, the Nyerere regime maintained the overall focus on agricultural production and Ujamaa villagization, but there was an added focus on expanding the country’s industrial base. This was to be accomplished by increasing government allocation to the industrial sector, especially in rural areas (Kent and Mushi 1995). The overall policy strategy was to help create small and medium-sized industries in rural areas as a complement to the villagization scheme and the focus on agricultural practice. In practice, however, poor coordination and miscommunication of policy goals, coupled with the strengthening of client-patron relationships, led to establishment of the limited number of small and medium sized
industries in urban instead of rural areas. Critically, a parallel market emerged and adversely interfered with the government’s export objectives. The Nyerere regime would go on to implement a Fourth Five Year Plan for the period 1980 to 1985. However, disarray within the regime with respect to the policy of Ujamaa villagization, stagnated agricultural production, and poor access to external funding would cripple the Fourth Plan and Nyerere’s overall economic development strategy.

During formulation and implementation of the First Three Year and the First Five Year Plans, Nyerere accorded a role to external agents in Tanzania’s economic development. The explicit objective in the First Five Year Plan to increase external funding and reduce government investment in the Plan’s villagization scheme and overall development strategy was driven by expectations that as with the First Three Year Plan, external agents would continue to financially support Nyerere’s development strategy. Intense focus and resource mobilization in support of rural development under the Second Five Year and the Third Five Year Plans, therefore, appears to be a reaction to the deflation of Nyerere’s expectations. Similarly, the return to investing in the creation of light industries in rural areas appeared to have been borne out of an acknowledgement that the vulnerability of agricultural products on the international market made reliance on this sector for Tanzania’s economic development fragile. In this sense, incorporation of industrial manufacturing into the latter parts of Nyerere’s overall development strategy appears to be an attempt at diversification.

To recapitulate, my proposed model of the relationship between policy origins and economic development suggested that as a country’s policy formulation and implementation process shifts along the policy origins continuum, associated levels of economic development (measured by
GDP in this case), will reflect the extent to which resultant policies were effectively implemented. Specifically, the model proposed that criteria I have defined for identifying and classifying policy origins – external influence, external acceptance, alignment with domestic expectations, and policy continuity – play an important role in the implementation and enforcement of development policy. Additionally, I postulated that when a policy is internally or externally sourced, the strength or effect of these criteria on implementation and enforcement manifests itself in the way in which social agents behave in support of policy implementation.
Table 12: Summary of economic development policy goals in Tanzania, 1960 - 1980

<table>
<thead>
<tr>
<th>Policy Document</th>
<th>Guiding Principle</th>
<th>Policy Goals</th>
<th>Policy Objectives</th>
<th>Actual Performance</th>
</tr>
</thead>
</table>
| **First Three Year Plan**        | Economic development through enhanced agricultural production                     | Increase resources to farmer class to boost capacity for foreign exchange earning | • Improvement of extension services  
• Increase in marketing facilities and agricultural credit  
• Build up existing large scale enterprise | • Only 2 out of 5 settlements were operating well |
| (1962 - 1964)                    |                                                                                  |                                                                              |                                                                                  |                                                         |
| **First Five Year Plan**         | Enhanced agricultural production through direction of government resources to village settlements | Expand public investment in infrastructure and leverage private sector investment (including foreign sources of income) for other investments | • Grow industry by 14.8%  
• Government revenue to consume 22% of total expenditures, with remaining coming from foreign sources  
• Achieve overall economic growth of 6.7% | • Industry growth: 10.9%  
• Government share of total investments: 65%  
• Overall economic growth: 5% |
| (1965 - 1969)                    |                                                                                  |                                                                              |                                                                                  |                                                         |
| **Second Five Year Plan**        | Ujamaa ideology of self-reliance, self-sufficiency, equality, and enhanced agricultural productivity through collective farming | Achieve economic development through enhanced focus on agricultural productivity | • Emphasized rural and agricultural development  
• Reduce private sector investment in industry to 16%  
• Even distribution of government investment in all regions | • Uneven distribution of government investment by region |
| (1970 - 1974)                    |                                                                                  |                                                                              |                                                                                  |                                                         |
| **Third Five Year Plan**         | Ujamaa ideology of self-reliance, self-sufficiency, equality, and enhanced agricultural productivity through collective farming | Expand industries (through ISI) that produce essential goods (clothing, leather products, etc Lay foundation to develop metal and metal products, chemical, paper, construction and building materials, textiles | • Expand industrial production by 9% to 11%  
• Establish small and medium enterprises at the district and village level | • Industry's share of GDP stood at 16%, but overall, industrial sector growth low  
• Emergence of parallel markets |
| (1975 - 1979)                    |                                                                                  |                                                                              |                                                                                  |                                                         |

With respect to outcomes and economic performance, then, the model further postulated that in underdeveloped societies – and particularly in the context of the relationship between policy origins and economic development – depressions in a country’s level of economic performance will coincide with periods where the respective country implemented externally sourced policies. Conversely, upward swings in economic performance, I postulated, are likely to reflect periods
of implementing internally sourced polices. In forwarding these hypotheses, I held constant the influence of lags on the realization of policy outcomes and likewise muted possible effects of external market shocks in my theoretical formulation. Market dynamics certainly are capable of distorting the performance of a given policy designed to help a country achieve economic development. In forwarding my central thesis, however, the main focus was on understanding how the internal or external origin of a particular policy affect the behavior of social agents, and how that behavior in turn effects policy implementation. Table 13 summarizes the policy origins categorization for Tanzania.

**Table 13: Summary of policy origins categorization for Tanzania, 1960 - 1980**

<table>
<thead>
<tr>
<th>Policy Period</th>
<th>Year Enacted</th>
<th>Years in Plan (Inclusive)</th>
<th>Policy Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Three Year Plan (1962 - 1964)</td>
<td>1962</td>
<td>3</td>
<td>Externally Sourced</td>
</tr>
<tr>
<td>First Five-Year Plan (1965- 1969)</td>
<td>1965</td>
<td>5</td>
<td>Externally Sourced</td>
</tr>
<tr>
<td>Third Five Year Plan (1975 - 1979)</td>
<td>1975</td>
<td>5</td>
<td>Internally Sourced</td>
</tr>
</tbody>
</table>

So, to what extent does economic performance in Tanzania during the period 1960 – 1980 reflect my hypothesis that the internal or external origin of a development policy matters with respect to economic development?

Figure 17 shows that during Tanzania’s policy period 1 when the development policy was externally sourced, a momentary uptick in economic performance was observed. During this period, the value of primary commodities and cash crops, which formed the basis of Tanzania’s economic development strategy, remained strong. As result, Tanzania was able to realize significant foreign exchange for its export of cash crops such as coffee, cotton, and tea. Positive economic outcomes were realized without the Nyerere regime necessarily having to address issues of policy enforcement.
This observation is important because, as previously noted, the Nyerere regime was not successful in achieving core policy objectives during this period. By the second policy period, changes in the international market had deflated the value of primary commodities and cash crops, the effect of which is observed in the transition from policy period 1 to policy period 2. The important question here is whether the transitional decline is a function of just market dynamics, or if the effects of policy origins are presented. Tanzania faced a significant problem during policy period 2. The external agent support received by the Nyerere regime in policy period 1 had wane, and external agent acceptance of Nyerere’s development policies during policy period 2 was very low. Agricultural expansion initiatives envisioned by Nyerere during policy period 2 required significant financial resources, to which foreign assistance was expected to be a key contributor. Availability of foreign funds would have allowed the Nyerere regime to maintain its focus on expanding agricultural production to offset effects of the market. In this regard, an upward trend could have been observed in policy period 2 with an increase in the volume of commodities exported. That Tanzania was unable to achieve its objective during
policy period 2 reflects, in my view, the impact of the external agent influence, especially in an externally sourced policy regime.

In the context of this research, an alternative approach to managing the effects of external agent influence and acceptance on Nyerere’s developments would have been to leverage general public support for policy and strategy implementation. In fact, as discussed, this was precisely the mechanism used by the Park Chung-Hee regime in South Korea to arrest economic decline when foreign aid to the country declined during implementation of the country’s economic development policies. In Tanzania, on the other, no such dynamics were observed. To the contrary, at the same time as external agent reactions were adversely affecting Nyerere’s policies and the country’s overall economy, social agents began to question and behave in ways that adversely affected implementation of Nyerere’s policies during policy period two.

Events that took place in Tanzania during policy period 3 intriguingly reflect the dynamics of the relationship between policy origins and economic development that I have discussed throughout this dissertation. During this policy period, there was no external agent influence in the formulation of development policies. What is unique about policy period 3 is that while core policy strategies and objectives did not necessarily reflect general public expectations, there was significant initial support for the Arusha Declaration, which was the first instance when the Nyerere regime took steps to integrate the general public in the policy implementation process. The outward manifestation of this dynamic, I will argue, is the sustained upward trajectory of economic performance during policy period 3. The value of agricultural products on the international market remained a challenge, but to the point I made earlier with respect to policy
period 2, agricultural production had expanded to the point where aggregate economic activity was positive during this period.

Dynamic shifts in the trajectory between policy periods 3 and 4, both of which are internally sourced policy regimes, highlight the key point I have made throughout this study with respect to operations of internally sourced policies on economic performance. While there was significant public support for Nyerere’s development policies in policy period 3, by period 4, the lack of alignment between policy objectives and broad social expectations began to affect policy implementation. Not only did social agents refuse to support policy implementation, but they undermined overall policy objectives by selling commodities intended for national export in parallel markets, thus weakening Tanzania’s access to foreign exchange. Even through coercion, the Nyerere regime could not correct social agents’ adverse behavior, primarily due to the lack of alignment between policy objectives and broad social expectations. Comparing these observations to the theorized trajectory (Figure 18) yields three insights.
First, as suggested by the theorized trajectory of economic development, during policy period 1 when both the model and Tanzania’s development policies were externally sourced, the trajectories rise and then depresses, a trend that continues for Tanzania heading into policy period 2. The second observation concerns the transition from policy period 2 to policy period. In this phase, the externally sourced policies of the modeled trajectory suggest a downward trend and upward trend for internally sourced policies. The inversed relationship between the growth trajectory for Tanzania and that for the modeled country during this period, I believe, reinforces my theoretical assumption. Finally, in policy period 4, it is clear that while the model theorized a sustained upward swing in an internally sourced policy regime, events in Tanzania do not support this assumption. This deviation, however, may be attributable to the fact that policy implementation in Tanzania during this period suffered significantly from a lack of alignment between policy goals and broad social expectations, which led to a lack of public support for the
resulting policy. Thus, while the juxtaposition does not prove causation, I believe it nonetheless suggests important insights about the possible role that policy origins may play in the pursuit of economic development, and this is a subject that may be worth additional review and refinement.


“By what right did the Regional Commissioner of Dar es Salaam make a law that employment passes must be carried? Isn’t the National Assembly the only institution which can make laws in Tanzania? If not, why do we have it?”

The above is a question posed by a TANU member in response to the Party’s requirement that citizens carry employment passes. This question gets to the core of legal challenges that persisted in Tanzanian society during Nyerere’s regime, with respect to the formulation and enforcement of policies and legislation. James (1973) makes an intriguing observation by noting that since Tanzania was in a state of transition during implementation of the Arusha Declaration, there was a sense within the TANU leadership that the party should not be overly concerned with the “comparatively abstract problem of legality.” Thus, in responding to the above question, Nyerere confirmed that TANU’s National Assembly has the right and authority to make laws in Tanzania. However, the use of Regional Commissioners to formulate this policy, Nyerere continued, was only a matter of efficiency since it was imperative for the regime to be able to manage the effect of unemployment on government resources. In a tone of admonition, Nyerere noted that “If MPs feel that the manner in which these Committees have tried to fulfill the objects of the Arusha Declaration were mistaken, then they could have done something constructive about it…But the problem has to be dealt with, and the Committees have tackled it when Parliament failed to do so” (Nyerere 1967).
As previously discussed, the *Arusha Declaration* of 1967 included a section that outlined a code of conduct that required political leaders to behave in ways that support Tanzania’s transition towards socialism. While the code of conduct was codified under the Local Government Laws Act of 1968 to give the *Arusha Declaration* the force of law, other portions of the Declaration – notably sections dealing with Ujamaa ideology – did not receive similar treatment (Rahim 1968). In addition, the TANU constitution specifically vested lawmaking authority within the National Executive Committee (NEC), which oversaw the National Assembly. By circumventing the National Assembly and using Regional Commissioners to formulate the employment card law, the regime, in effect, undermined the legal authority of both the NEC and the National Assembly in as much as the TANU charter served as the legal basis for how Tanzania was to be governed.

I noted in the early parts of this chapter that one of the initiatives taken by the Nyerere regime, upon assuming Presidential powers over the Republic, was to reverse colonial laws that concentrated land ownership in a few hands. In the process of actualizing Ujamaa ideology, however, national laws were not put in place with respect to land ownership. Instead, TANU policies, which were designed to support the Ujamaa villagization scheme, supplanted national law and legislation on land tenure. Even though Tanzania possessed a court system, its officials were TANU members. Thus, in the event of a dispute, applying national laws –which often were not aligned with TANU polices – would have meant a violation of leadership requirements enshrined in the *Arusha Declaration*. Over the course of implementing the *Arusha Declaration*, important questions such what happens in the event a village program comes to an end were not
raised or addressed, a gap that contributed to public concerns that the Ujamaa program was a scheme by the government to take their land (Lwoga 1989).155

In Tanzania, the conflation of TANU policies with national law played a significant role in the marginal role of law and legal processes in the policy formulation, implementation, and enforcement process. With socialism as the primary concern of the Nyerere regime, all activities were interpreted through this prism to the extent that individuals with legitimate concerns about property rights were discouraged from seeking legal recourse. Consequently, dissatisfaction with the program grew among the general public, many of whom lost the right to compensation after their land was taken and incorporated into Ujamaa villages. This was the case even if the landowner decided not to participate in the program or that particular Ujamaa village (James 1973).156

Moreover, as Lwoga (1989) notes, pursuing Ujamaa through the TANU platform allowed “state power” to be exercised by “indigenous Tanzanians who, through populist ideology, claimed to run the economy for the benefit of all Tanzanians.” Because TANU itself enforced its policies through the threat of membership loss, when it came to policy implementation at the national level, there were no mechanisms – legal or otherwise – to correct deviations. Indeed, the basic framing of Nyerere’s ideology suggested that such mechanisms were unnecessary or unwanted. And in instances where there appeared to be legal structures to support policy implementation, the effect of law was rendered blunt in the course of its administration. Take, for instance,

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155 As part of implementing the program, people were often moved from their homesteads to the site of the Ujamaa village.
156 James (1973) recounts a legal case where a farmer was denied compensation when his land was taken and incorporated into an Ujamaa village. When the case eventually reached Tanzania’s High Court, “it was placed in the pending file without final determination, for it was felt that the payment of compensation for land or property involved in the establishment of Ujamaa villages might…stand in the way of the Party and Government policy to build socialism in the country.”
operations of the Agricultural Credit Agency, which was established in 1961 to extend loans to farmers through the District Loans Committee under the First Three Year and the First Five Year Plans. Given the Plans’ overall objectives, the Agency was established to extend credit to help build a class of farmers who could support the country’s economic development by producing cash crops. In practice, however, an applicant had to possess property which could be used to securitize the loan. In the absence of property, the borrower needed to have two guarantors or be able to deposit in cash 10% of the value of the loan being requested. Since land was not an acceptable form of securitization, “peasants in real need of assistance had no way of obtaining loans” (Lwoga 1989). The manner in which law was applied in Tanzania’s policy formulation process, it would seem, thus had an important adverse effect not only on the behavior of the bureaucrats responsible for policy implementation, but also on the extent to which stakeholders could consume and support overall policy objectives.

The role of law in the implementation of development policy is certainly challenging for countries undertaking social, political, and economic transformation. In South Korea, it became necessary for the regime of Park Chung-Hee to essentially suspend formal legal institutions and protocols in the process of implementing his development policies. Similarly, in Tanzania, the regime of Julius Nyerere marginalized the country’s legal system in the implementation of his development policies. In both cases, the objective of such circumvention was to vest the respective leaders with the authority to formulate their country’s development strategy in a presumably more efficient manner. In addition, without formal legal structures, the expectation was that bureaucrats charged with implementing resulting policies would be able to do so with a degree of flexibility that was conducive to achieving the country’s overall development goals. While South Korea
was able to employ this strategy with relative success, in Tanzania, it is clear that the behavior that ensued among the bureaucrats was the result not only of the questionable viability of the resulting policies themselves, but also the lack of a coordinated administrative structure to guide implementation. Two important questions thus present with respect to the law and public policy nexus and the relevance of this interaction in underdeveloped societies.

First, if as I have argued the sociopolitical assumptions of a country play an important role in designing the legal framework of that country, which in turn is critical to effective implementation of development policies, then, to what extent should the legal framework of a transitioning economy be based on legal principles of mature economies? In other words, given the procedural nature of legal institutions in advanced economies, is a certain degree of flexibility necessary when a country is in the formative stages of its economic development? Certainly leaders in South Korea and Tanzania between 1960 and 1980 saw legal flexibility as an essential aspect of their development strategies. However, the divergent outcomes suggest that even in exercising such flexibility, a mechanism through which policy and legislation are coordinated in support of policy implementation cannot be undermined.

In assessing the performance of the Ujamaa program, Tanzania’s Minister of Economic Planning during the Ujamaa period noted: “That we failed to achieve those lofty objectives cannot be blamed on the Arusha Declaration or Ujamaa itself but rather on the mistaken order of priorities. What we should have tackled last [rural or agricultural development] was given top priority and what should have come first [industrialization] was never attempted” (Babu [undated]; emphases added). This brings me to the second
question – which in essence follows from the first: does temporal order matter with respect to the pursuit of liberal principles of legal institutions and economic development? That is, should a legal framework be pursued before, concurrently, or after economic development is achieved?

In South Korea, the Park regime successfully staged the development process so that formal legal institutions were pursued or strengthened only when the country had successfully achieved economic development and taken steps towards political liberalization. In the case of Tanzania, democratic principles were embedded in the policy framework and development strategy of the Nyerere regime at the onset of pursuing economic development. However, as discussed, accordance of such liberties, even if subtle, may have played a role in the way in which Nyerere’s policies were implemented – again the viability of the policies themselves notwithstanding. I argue that in an environment of high underdevelopment, the accordance of certain liberties could in fact be a detractor rather than facilitator of economic development. This, I will posit, is a result of the low levels of development and practical, daily life concerns of the general populace that often override their ability to monitor and control primal impulses for the sake of achieving broader national goals of economic development.
Chapter 6: Conclusions, Observations, and Recommendations
I believe that for students, observers, and practitioners of development economics, this dissertation has outlined critical elements that may facilitate enhanced understanding of how development policy making between domestic governments and their international allies affect the pursuit of economic development. While the cases of South Korea and Tanzania do not offer irrefutable support for my proposed theory that internally sourced policies are more likely to produce economic development than externally sourced policies, I believe the development experiences of the two countries hint at the possibility of such a relationship. Thus in an effort to bring this possibility into greater relief, I recommend, as a next step in further evaluating my proposed theory: 1) refinement of the four criteria I have outlined as well as my overall conceptualization of policy origins; 2) expansion of the number of cases and contexts to be evaluated with respect to my proposed theory; and 3) following from the first two recommendations, empirical evaluation of the proposed theory through regression of economic development outcomes on the policy origin variable. To provide additional context for further research pertinent to these recommendations, I will proceed to outline and discuss three broad insights that emerged from evaluating my central hypothesis in the context of economic development in South Korea and Tanzania.

Observation 1: Economic development in South Korea was dynamic, and the process contained unique elements that may not lend themselves to replication in other contexts

In particular, the governance system within which South Korea pursued economic development between 1960 and 1980 was authoritarian, which allowed the Park regime to suspend certain civil liberties in pursuit of his development objectives. Currently, the prevailing paradigm for organizing the international political economy constrains the ability of governments in developing countries, including those in Sub-Saharan Africa, to operate in ways that are similar
to what was observed in South Korea under Park Chung-Hee. Given the importance of funding to Sub-Saharan Africa’s economic development schemes, any political orientation that indicates a shift from the prevailing international order could prove consequential to Sub-Saharan African leaders.

In the case of South Korea, Park’s ability to reject and ignore externally proposed policies and strategies played an important role in the country’s eventual success. While political dynamics at the time vis-à-vis Cold War politics allowed Park to still secure support from the United States and Japan, such an opportunity does not exist in the present international political economy. As such, the advantages enjoyed by the Park regime in terms of limiting external influence in policy formulation, implementing those policies without regard to their acceptability to external agents, genuinely aligning policy goals with broader social expectations, and creating an environment where resulting policies are implemented without interruption may be limited for Sub-Saharan African countries.

In terms of access to initial capital requirements to jumpstart economic development, South Korea was in a remarkably different situation that Sub-Saharan African countries were in either in the immediate postcolonial environment, or since then. The fact that South Korea received more than $500 million in reparations for Japanese colonization cannot be underestimated in terms of its influence on the country’s ability to establish a self-sustaining economy, and ultimately, economic development. Reparation funds allowed South Korea to build the industries that today form the backbone of its economy, including steel, semiconductors, and oil refining. More importantly, investment in these and related industries occurred in defiance of external agent advise and expectations, which, as noted in the previous observation, speaks to the advantages the Park regime was able to realize as a result of his authoritarian bend.
The challenge faced by Sub-Saharan African countries in this regard is that while countries such as Germany, France, and the United States have all issued official apologies for their role in slavery and colonialism, not a single Sub-Saharan African country has received reparations from their former colonizers. In fact, in 2004, when Namibia sought reparations from Germany in the amount of $4 billion for colonial policies that resulted in the killing of 65,000 Namibians, the German government disregarded the claim on the grounds that rules that currently govern the international political system and that denounce slavery and colonialism were not in place at the time (Sainato 2017). In terms of the relationship between former colonizer and colony, financial assistance to Sub-Saharan Africa countries from their former colonizers has come with conditions that strengthen the economic and political links between the respective countries. As Tanzania experienced during formulation of its First Three and First Five Year Plans, financial support from Great Britain was premised on the export of Tanzanian cash crops and other commodities to Great Britain. When Tanzania began to pursue its policies of self-reliance in a framework that did not align with the interests of Great Britain, financial support from Britain and other external entities disappeared. Certainly, the central insight from this observation is not a claim that reparations 1) will be used in ways that prioritize and foster the pursuit of economic development in the receiving country; 2) will be a panacea for the initial capital requirements for economic development in SSA; or 3) that normative victories aside, such payments are even needed or necessary with respect to economic development in Sub-Saharan Africa. The objective in making this point, rather, is to further highlight uniqueness of the South Korean experience.

The uniqueness of economic development is also underlined by the fact that dynamics within the international political economy allowed South Korea to be opportunistic in its pursuit of economic development between 1960 and 1980. For example, in the 1970s, extensive
construction projects in the Middle East provided a market for South Korean labor. While South Korea had an educated and skilled labor force, this opportunity had the effect of supplementing Park’s efforts to address employment/unemployment, in addition to providing the country access to critical foreign exchange. Moreover, both the United States and Japan cooperated in creating markets for South Korean exports, and with the advent of the Vietnam War and South Korea’s support of the United States, a third and vital market for South Korean exports emerged. Perhaps more importantly, reluctance on the part of the international community to admonish Park Chung-Hee for his suppression of certain liberties allowed the regime to pursue its development strategies and objectives without significant interference from the international community. On the contrary, the regime experienced support with respect to the United States helping South Korea enhance its international credit standing. This allowed South Korea to rely on private capital rather than foreign aid for its development.

As I have shown in previous discussions, foreign aid has been a double-edged sword for economic development in Sub-Saharan Africa. Despite its ability to help underdeveloped countries initiate and fund their economic development strategies, it has paradoxically provided the basis for the failure of many economic development efforts in Sub-Saharan Africa. Such failures have come in the form of renegotiating internally sourced development policies to a point where resulting policies bear little or no resemblance to the domestic government’s original policy goals (Ratsimbaharison 2009. As shown in the Tanzanian case, the adverse effects of foreign aid can also come in the form of complete withdrawal of aid in a way that disintegrate the economic development strategy of the respective country. Justifiably, the literature has established that Tanzania’s pursuit of socialism at a time when the international community was
significantly leaning towards a capitalist model of economic organization played a crucial role both in the withdrawal of foreign aid and the overall collapse of Nyerere’s policies.

Finally, there is a general misconception within the literature about the economic development process in South Korea. The predominant view is that South Korea’s success with economic development was driven primarily by its adoption of export-led economic policies. Consequently, economic development policies that have been prescribed for Sub-Saharan African countries in the context of South Korea’s experience have generally focused on adoption of policies that encourage Sub-Saharan African exports. But such a focus can be misleading. South Korea employed a mix of export-led and import-substitution strategies in its pursuit of economic development. Export–led policies were applied to the country’s light manufacturing industries (wigs, clothes, shoes), while the steel, heavy machinery, and chemicals industries were protected through import-substitution. In fact, foreign access to these latter industries did not occur until the late 1980s, when South Korea felt these countries were mature enough to withstand international competition. Moreover, whereas in South Korea exports focused on manufactures (which have relative high value add compared to unprocessed commodities), in Sub-Saharan Africa, export policies often mean export of raw materials and extractive commodities, a push that is eerily reminiscent of policy prescriptions during the immediate postcolonial period.

Observation 2: The relationship between law and legal institutions in the policy formulation and implementation process is dynamic, particularly in underdeveloped contexts

Should the law be absolute or flexible, with allowance for unique social and political characteristics of the society of interest? Or should there be steadfast adherence to law and legal
institutions as expressed in advanced and often liberal political economies? If we were to disregard classical, neoliberal, and even Marxist characterizations of the economic development phenomenon as an evolutionary and linear process with defined nodes that can be replicated and applied in different contexts; and if we were to accord a certain degree of randomness and unpredictability to the economic development process, we find that both South Korea and Tanzania offer important insights on the interaction between law and the policy process. This is especially the case when it comes to temporal organization of the “stages” of economic development. In the case of South Korea, the development process was structured in such a way that the application of law, as well as reliance on legal institutions for enforcement of those laws, was relegated to the latter phases of the country’s economic development process. In the other words, during the early stages of the country’s economic development, formalized law was considered counterproductive to the policymaking process.

For Park Chung-Hee, the ability to mobilize requisite resources and more importantly drive social behavior in ways that support successful pursuit development goals would not have been possible in a context that allowed for unchecked expressions of civil and political liberties. In fact, Park had raised this as the sole reason for the development failures of regimes that preceded his administration. Civil and political liberties, therefore, would be accorded in the South Korean framework, but not until the country had successfully established the conditions for creating a self-sustaining economy. Consequently, it was not until the Fourth Five Year Development Plan (1977 – 1981), when South Korea had effectively transformed the structure of its economy from agriculture to industrial production, that the pursuit of social development was made an explicit formulation in development strategy.
In Tanzania, on the other hand, the Nyerere regime attempted to observe democratic principles quite early in its economic development process. Even though like Park in South Korea Nyerere believed that applying formalized law to the policymaking process was a hindrance to efficient and expedient execution of resulting policies, unlike Park, Nyerere tolerated significant liberty with respect to the public’s acceptance of his development goals and objectives. In fact, that participation in his development programs was voluntary has been identified a key factor in the failure of Nyerere’s development policies, especially when it comes to policy enforcement. By the time Nyerere sought to correct and address the effects of voluntary participation on his policies, Tanzania was already on its way back to the World Bank – a sharp contrast to the founding ideologies of the Nyerere regime.

Certainly factors such as a worsening domestic economy played a role in this reversal of position. But the question of whether Nyerere’s socialist experiment would have produced different outcomes had he been more restrictive in the early years of the program is an intriguing one. Indeed such concerns were raised by some Members of Parliament, but Nyerere saw such approaches as fundamental violations of the core principles of his political, social, and economic ideology (Nursey-Bray 1980). Now, there is a distinction to be made here with respect to law designed to support the implementation of a particular policy, and the rule of law as the basis for the expression of civil liberties. In South Korea, restrictions on the role of law in the policy making process was limited to the latter, while the former was observed in the form of incentives and punishments with respect to social agent behavior. In Tanzania, the Nyerere regime did not take measures to provide a legal framework to incentivize or correct social behavior with respect to policy implementation. Thus, as the South Korean case shows, it does not matter whether such a framework revolves around the authority of political leaders. What matters, it appears, is a
mechanism that allows social agents to feel connected to the overall policy objective – whether in the form of incentivizing and encouraging supportive behavior, or “punishing” non-supportive behavior. Certainly, such a course would have been contradictory given Nyerere’s prioritization of law as the expression of civil liberties. But, policy enforcement issues faced by the Nyerere regime, unfortunately, reflected the regime’s failure to provide a legal framework to facilitate public adherence to and support of resulting policies.

Moreover, in formulating and implementing his development strategy, Nyerere did not necessarily have to choose between law as a policy implementation tool, and law as an institution that mediates between objectives of the state and social agents’ expression of civil liberties. As discussed in James (1973), practical concerns raised by Tanzanians during implementation of the Arusha Declaration were in regards to the legal framework for policy implementation. That is, people were more concerned with the existence of mechanisms that would reward them for acting in support of the regime’s policy goals (and by extension, punish those who acted otherwise). Expressions of civil liberty was never an issue among the general public – at least not until 1973, when participation in Nyerere’s development scheme was made compulsory and coercion the preferred method of enforcement.

What these two cases reveal, in terms of law and policy making, is that in the early stages of economic development, there is likely to be general public indifference to the application of law in a way that is not necessarily aligned with views of law as an institutional framework for the expression of civil liberties. However, the extent to which this indifference can be sustained depends largely on a belief among the general public that the policies being pursued are aligned with and reflect broader social interests. This brings me to the third and final insight from this research, and that is the extent to which the two case studies elucidate on this dissertation’s
theoretical proposition regarding the relationship between policy origins and economic development.

*Observation 3: On the relationship between policy origins and economic development, the two case studies show that the four criteria proposed for evaluating this relationship cannot all be observed in absolute terms.*

While external influence in policy making, acceptance of a resulting policy to external agents, alignment of policy goals with broad social expectations and policy continuity are all important to the ability of policy origins to positively affect economic development, there are nuanced and differentiated aspects to the effect of each criterion. With respect to the role and influence of external entities in the formulation and implementation of development policy, the South Korean and Tanzanian cases show that this is perhaps the least critical element in assessing the policy origins phenomenon.

In expanding and operationalizing my concept of policy origins and its relationship to economic development, I posited that this is one of, if not the most important criterion in assessing the relationship between policy origins and economic development. This absolute assertion was driven by a review of the literature and the ubiquity of views criticizing the role played by foreign aid as well as international finance and development and institutions such as the World Bank and the International Monetary Fund, in the ability of countries in Sub-Saharan Africa to achieve economic development by establishing self-sustaining economies. Also revealing was the fact that among voices now criticizing Sub-Saharan Africa’s relationship with the international development community were those of analysts who previously worked within this
same community and served as architects of some of the most consequential and controversial
development policies pursued by Sub-Saharan African countries in their modern history.

With this as starting point, the key question was whether Sub-Saharan African countries would
be better served, with respect to their pursuit of economic development, by weakening their
relationship with external agents with respect to the formulation and implementation of
development policy. Forwarding such a proposition was not advocacy for Sub-Saharan African
countries to “delink” from the international political economy, as some observers of African
political economy had called for in the 1970s and 1980s. Rather, from reviewing the history of
economic development in East Asia in general and South Korea in particular, it became
increasingly clear that a common thread in the economic development success of countries in
this region was their ability to pursue strategies often in contradiction to prevailing norms and
paradigms. Additionally, because the history of economic development in Sub-Saharan Africa
showed that countries in this region tend to rely on externally sourced policies, while South
Korea and other countries in East Asia showed that effective management of their relationship
with external agents was an important part of their success, I postulated that the internal or
external origin of a particular policy may play a role in effective implementation of the resulting
policy.

Through my case studies of South Korea and Tanzania, however, it became evident that while
the external agent influence is an important aspect of the relationship between policy origins and
economic development, its effects can be muted depending on the extent to which the other
criteria are present. In the case of South Korea, and contrary to my initial assumptions, external
agents played an important role in South Korea’s economic development. For one thing, external
agents played a key role in establishing the Korean Development Institute, which became the
policy research arm for the Economic Planning Board (EPB), the main organization charged with developing, implementing, and overseeing South Korea’s development policies.

Moreover, EPB staff received training and support that allowed them to ultimately assume full responsibility for the formulation and implementation of South Korea’s economic development policies. In addition, while Park Chung-Hee was able to make bold and independent decisions with respect to the overall content of development policies, external agent influence – whether in the form of aid, access to markets, or reforms to enhance South Korea’s sovereign creditworthiness – was critical to South Korea’s economic development success. Similarly (but in an adverse way), in Tanzania, withdrawal of external agent support in the form of aid and overall policy accommodation proved fatal to Nyerere’s overall development strategy (viability of the contents of the preferred policies notwithstanding). In the final analysis, therefore, importance of the external agent criterion to the relationship between policy origins and economic development rests not in complete rejection of external agents in the policymaking process. Rather, the critical consideration regards effective management of those relationships and influences. While Park Chung-Hee excelled at this, the challenge for Sub-Saharan African countries is how they can successfully manage the external agent relationship in ways that allow them to pursue development strategies and programs that are not necessary in response to donor expectations.

With respect to acceptability of a resulting development policy by external agents, this criterion evolved as an extension of the external agent influence criterion. In the case of Sub-Saharan

\[157\] Nursey-Bray (1980) points that the World Bank was still supporting development efforts during implementation of the Arusha Declaration and Nyerere’s emphasis on self-reliance. This was illustrated by the World Bank’s initial commitment to a 20-year project to help improve agricultural production in Tanzania by 1995. The World Bank eventually revoked its commitment to the project as Nyerere’s strategy continued to show significant weaknesses.
African countries, the literature shows that during the 1970s, development policies that were internally sourced and that reflected core expectations of Sub-Saharan African leaders did not receive external agent support, especially in situations where fundamental policy goals did not align with external agent expectations. It was in this regard that the import-substitution programs of many Sub-Saharan African countries were discouraged, not-funded, or were funded but revised in ways that narrowed the overall focus and objectives of the initial plans. Under the assumption that this dynamic is likely to be present in internally sourced development policies, the external agent acceptability criterion was designed to help evaluate the extent to which resulting development strategies were accepted or rejected by external agents.

In the case of South Korea, external agent acceptance of resulting development policies was generally low, with exception of the country’s Second Five Year Development Plan (1967 – 1971), which had significant external agent involvement in the formulation process. This means that overall policy goals pursued by Park Chung-Hee did not necessarily align with interests of external agents, which, within my theoretical construct, signals that the policies were internally sourced. The generally low level of external agent acceptance of resulting policies, as previously discussed, presented in the form of indifference rather than outright rejection of resultant policies. Consequently, external agent interest in South Korea’s economic development strategy did not entirely dissipate. On the contrary, efforts were made to enhance the country’s ability to effectively access resources in furtherance of its policy goals and objectives. The fact that South Korea’s development strategy was being implemented within a capitalist framework – even if the governing regime was authoritarian and if protectionist measures were employed in certain industries – may help explain why external agent indifference did not translate into outright withdrawal of support for South Korea’s development strategy. A more recent example of this
dynamic is the way in which China has pursued economic development in a capitalist framework while maintaining a communist system socially and politically.

On the other hand, Tanzania experienced intense external agent rejection and reaction to its development policies. Nyerere’s transition to full-blown socialism in the wake of the *Arusha Declaration* made his development policies unacceptable to external agents. This was demonstrated through wholesale withdrawal of foreign aid and, during the initial phases of implementing the *Arusha Declaration*, vicious use of propaganda by external agents in response to Nyerere’s nationalization policies (Lwoga 1989). Thus, in Tanzania, the internal origin of Nyerere’s policies were confirmed by the level of unacceptability demonstrated by external agents and the extent to which this was effectuated through actions that adversely affected Tanzania’s overall development strategy. An interesting question in this regard, however, is whether the harsh reaction shown towards Tanzania was the result of Nyerere’s socialist bend, or a response to the internal origins of Nyerere’s development policies. This is an important question because even as a socialist country, several external agents, including Great Britain, stood to be beneficiaries of Tanzania’s strategic focus on cash crop production. Certainly, Nyerere attempted to proceed with his development strategy regardless of external agent acceptance of those strategies and policies. But, similar to the external agent influence criterion, if we accept that internally sourced policies are important to the economic development policy formulation process, then, the overriding question for Sub-Saharan African countries is how this criterion manifests itself in their development strategies amidst critical financial needs. In this regard, a careful staging of the economic development strategy may be extremely crucial in terms of overcoming initial conditions of underdevelopment, which is where resource
requirements are likely to be more intense given low levels of domestic resource mobilization and capital formation across the region (De Soto 2003).

From the two case studies, I will posit that perhaps the most important criterion in my conceptualization of the relationship between policy origins and economic development concerns the alignment between policy goals and broad public expectations. The relative performance of South Korea and Tanzania, respectively, is significantly connected to the manner in which resultant policies were implemented and enforced. In the case of South Korea, even though overriding policies and strategies for economic development evolved from the ambitions of Park Chung-Hee, attempts were made to ensure that the policies were aligned with general expectations of the public. This process started, during implementation of South Korea’s First Five Year Plan (1962 – 1966), with involvement of various ministries in the policy formulation and implementation process. As the experience and expertise of the EPB’s staff improved with respect to development planning, this function was coordinated solely through the EPB. Thus, while broad policy goals reflected expectations of Park Chung-Hee, the ministries had an opportunity to affect how policy objectives and tactics were implemented. Moreover, the alignment criterion manifested itself in South Korea not only in how the ministries operated, but also through the integration of South Korea’s normative framework into development objectives in order to influence the behavior of bureaucrats. Finally, by the time South Korea’s Third Five Year Plan (1972 – 1976) and the Fourth Five Year Plan (1977 – 1981) were formulated, involving business leaders, civil society, and other stakeholders in formulating policy was a common feature of the country’s economic development policy process. Through such methods as well as the publication of the President’s Monthly Economic Report in local newspapers, Park
Chung-Hee was able to mobilize South Korean society to support his economic development strategies.

Like Park in South Korea, development policy in Tanzania between 1960 and 1980 was driven primarily by goals and expectations of Julius Nyerere. Unlike Park, however, Nyerere’s policies reflected broad social expectations only in abstractly. Given the country’s experience under colonialism and given the central role Nyerere came to play in Tanzania’s independence, it was reasonably for the general public to trust his ideas as viable options for the future of the country. Unlike South Korea where the society enjoyed relative autonomy prior to Chinese penetration and later Japanese colonialism, Tanzanian society was historically organized along tribal lines, with expansive distance between communities (Greenstein 2010). Modern forms of social and political organization, therefore, were relatively new features of Tanzanian society.

Consequently, the propensity of the general public to equate the ideas and philosophies of Nyerere with collective national thought was strong. It was in this regard that Nyerere and his TANU party became the medium for setting Tanzania’s policy agenda.

In translating his social and political views into policy options, however, Julius Nyerere did not adequately align resulting policy objectives with broad social expectations. While it is true that Nyerere traveled extensively throughout Tanzania to solicit feedback from farmers, feedback was often in regards to already implemented policies as opposed to evaluations intended to question whether the resultant policies were right for Tanzania. In fact, this point was explicitly raised by some members within TANU’s National Assembly, but Nyerere’s commitment to his policy agenda precluded any serious review of such concerns or modification to his policy framework. Thus, as previously stated, it remains unclear whether as a collective, Tanzanian society preferred socialism and Ujamaa development as the ultimate approach for social,
political, and economic organization; in South Korea, the general preference for industrialization was unmistakable. With respect to implementation, the lack of alignment between the policy goals of Nyerere and overall expectations of the general public, coupled with the virtual lack of extensive stakeholder involvement in the policy formulation process proved detrimental to effective implementation of Nyerere’s development policies.\textsuperscript{158}

In the context of my central thesis, therefore, what the cases of South Korea and Tanzania reveal is that the nature of a particular policy and the type of system under which the political economy is organized (capitalist, socialist, otherwise) notwithstanding, the ability of leaders to align their policy objectives with broad social expectations is crucial to overall success in implementing the policy. The preeminence of this criterion is driven by the fact that in the final analysis, policy implementation requires enforcement, and enforcement requires cooperation from the consumers of the resulting policy. The success of South Korea is driven in large part by incentive structures that were built into the policy implementation process. For South Koreans, while such incentives were desirable in themselves, they were not the ultimate end that shaped social behavior. Rather, the ability of the Park regime to create an environment whereby the national goal of development was indistinguishable from personal objectives of improved standards of living played an important role in the public’s acceptance and support of Park’s approach to the pursuit of economic development (Han 2014). The failure of development policy in Tanzania between 1960 and 1980, on the other hand, reflects significantly the inability (or rather failure) of the Nyerere regime to properly align development objectives with broad social expectations.

\textsuperscript{158} Even within TANU, Members of Parliament and other party leaders had little choice but to accept and implement the Arusha Declaration and the policy of Ujamaa. There were significant concerns within the leadership about the viability of Nyerere’s proposals. However, given the benefits of TANU membership and in particular as a leader within the Party, dissention was not a pragmatic option.
In the wake of the South Korean and East Asian development experience, the international development and finance bodies have taken several measures to ensure that development policies submitted by countries in Sub-Saharan Africa and other parts of the underdeveloped world reflect broad stakeholder input. While these are commendable attempts to ensure economic development policies reflect broad social expectations, questions abound as to whether such tools have simply become an exercise that is mastered by domestic governments to meet donor agency expectations (Pender 2001). For Sub-Saharan African countries, the challenge of being able to effectively align development policy goals with broad social expectations, in the context of this dissertation, is compounded by the external agent influence and external agent acceptance of resulting policies criteria. That is, will Sub-Saharan African countries be able to pursue development policies if those policies violate these two criteria, irrespective of meeting the alignment with domestic expectations criteria? On the other hand, given the primacy of the alignment criteria to effective policy implementation and enforcement, leaders in Sub-Saharan Africa may be well-advised to make genuine efforts to align development objectives with broad social expectations, even if the resulting policies will be implemented within the restrictive framework of tools such as the CDF. In the least, such efforts – along with the selection of viable policy options and appropriate temporal staging of policy goals – could provide a platform for addressing the problem of initial resource mobilization that is quite endemic in Sub-Saharan Africa’s economic development framework.

Finally, with respect to policy continuity, both the South Korean and Tanzanian cases show that this criterion is important to realizing the overall goals of an implemented policy. However, while both South Korea and Tanzania saw significant policy continuity between 1960 and 1980 mainly due to the presence of one-party regime, divergent economic outcomes recorded by the
two countries during the study period suggest that there could be mitigating factors in the influence of this criterion on the policy origins-economic development phenomenon. As with the external agent influence and acceptability criteria, the most interesting question for Sub-Saharan African leaders, with respect to policy continuity, is whether policy continuity can become an enduring feature of Sub-Saharan Africa’s economic development narrative in the prevailing international political economy. Interaction between the four criteria I have proposed for evaluating the relationship between policy origins and economic development, I believe, will play a significant role in how as a region Sub-Saharan Africa recovers from the wounds of its colonial past, corrects imperfections of its modern history, and bring to life a future defined by unfettered expressions of its potential.
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Appendices
## Appendix A: Extended Catalog of Concepts and Definitions

<table>
<thead>
<tr>
<th>Concept</th>
<th>Definition and context for usage</th>
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</thead>
<tbody>
<tr>
<td>Policy Ownership</td>
<td>A country is said to maintain policy ownership when it controls every aspect of the policy formulation, implementation, and enforcement process. More importantly, ownership extends beyond a country’s assumption of responsibility and acquiescence to terms and conditions formulated by external agents or actors</td>
</tr>
<tr>
<td>Internally Sourced Policy</td>
<td>An economic development policy whose formulation, implementation, and enforcement is driven primarily by domestic factors</td>
</tr>
<tr>
<td>Policy Enforcement</td>
<td>Mechanisms and approaches through which a domestic government achieves fidelity to a particular policy on the part of agents and actors affected by the policy</td>
</tr>
<tr>
<td>Economic Development</td>
<td>A state of being whereby a country undertakes initiatives intended to improve its political economy, in an effort to improve living conditions and opportunities for its citizens</td>
</tr>
<tr>
<td>Economic Underdevelopment</td>
<td>A state of being whereby a country is unable to fully materialize its economic development potential.</td>
</tr>
<tr>
<td>Policy Effectiveness</td>
<td>An approach to measuring whether a particular policy has achieved its stated goals and objectives</td>
</tr>
<tr>
<td>Policy Implementation</td>
<td>A process whereby certain ideas, concepts, preferences, or choices (policies) are put into action by actors or agents in a given society, with a goal of achieving specified objectives.</td>
</tr>
<tr>
<td>Policy Origin</td>
<td>The internal or external source of how an economic development policy is formulated, implemented, and enforced.</td>
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<tr>
<td>Policy Origins Orientation</td>
<td>A country’s overall preference for internally or externally sourced economic development policies over a defined period of time</td>
</tr>
<tr>
<td>External Sourced Policy</td>
<td>An economic development policy whose formulation, implementation, and enforcement are driven primarily by external factors.</td>
</tr>
<tr>
<td>Policy Process</td>
<td>A systematic approach to defining a particular issue, formulating a strategy designed to address the issue, implementing the strategy, and enforcing the resulting strategy.</td>
</tr>
<tr>
<td>Sociopolitical Assumptions</td>
<td>Norms, attitudes, views, and other cultural characteristics that collectively give identity to a particular group of people, and help shapes the group’s or society worldview as well as define its conception of terms such as fairness, equality, and justice</td>
</tr>
<tr>
<td>Political Buy-In</td>
<td>The ability of an implementing agent (such as a government) to secure the cooperation of all affected social agents/actors, with respect to the implementation of a particular policy</td>
</tr>
<tr>
<td>Social Agents</td>
<td>Actors or entities in a given society who affect and are in turn affected by a particular policy</td>
</tr>
</tbody>
</table>
## Appendix B: Description of Selected Economic Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
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<tbody>
<tr>
<td><strong>Net ODA Received</strong></td>
<td>Consists of disbursements of loans made on concessional terms and grants by official agencies of the members of the Development Assistance Committee, multilateral institutions, and non-DAC countries to promote economic development in identified/selected countries</td>
</tr>
<tr>
<td><strong>Life Expectancy at Birth</strong></td>
<td>Number of years a newborn infant would live if prevailing patterns of mortality at the time of birth were to remain unchanged throughout its life</td>
</tr>
<tr>
<td><strong>Net ODA as % of Government Expenditure</strong></td>
<td>Consists of disbursement of loans and grants made to a sovereign government on concessional terms by external entities, including but not limited to official agencies of the members of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development, multilateral institutions, and non-DAC countries.</td>
</tr>
<tr>
<td><strong>Industry Value Add - Annual Growth</strong></td>
<td>Defined as the contribution of industry - mining, construction, electricity, water, gas, etc - to overall economic activity</td>
</tr>
<tr>
<td><strong>Gross Savings as % GNI</strong></td>
<td>Gross savings represent gross national income less total consumption, plus net transfers</td>
</tr>
<tr>
<td><strong>Imports of Goods and Services as % GDP</strong></td>
<td>Represents the value of all goods and other market services received from the rest of the world.</td>
</tr>
<tr>
<td><strong>Net ODA as % of Gross Capital Formation</strong></td>
<td>Consists of disbursement of loans and grants made to a sovereign government on concessional terms by external entities, including but not limited to official agencies of the members of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development, multilateral institutions, and non-DAC countries.</td>
</tr>
<tr>
<td><strong>Agriculture Value Add as % GDP</strong></td>
<td>Measures the percentage of a country’s gross domestic product that is driven by the net output of agricultural activity</td>
</tr>
<tr>
<td><strong>Gross Domestic Product (GDP) – % Annual Growth</strong></td>
<td>The sum of total value added by all resident producers in a given country</td>
</tr>
<tr>
<td><strong>Foreign Direct Investment (FDI) - Net Inflow as a percentage of GDP</strong></td>
<td>Measure of the net inflow of investment to acquire a lasting management interest in an enterprise operating in an economy other than that of the investor.</td>
</tr>
<tr>
<td><strong>Urban Population Growth</strong></td>
<td>Refers to people living in urban areas as defined by the respective country’s national statistical office</td>
</tr>
<tr>
<td><strong>Gross National Expenditure</strong></td>
<td>The sum of final private consumption, government consumption, and gross national formation</td>
</tr>
<tr>
<td><strong>Gross Savings as % GDP</strong></td>
<td>Gross savings represent gross national income less total consumption, plus net transfers</td>
</tr>
<tr>
<td><strong>Annual Growth of Imports of Goods and Services</strong></td>
<td>Represents the value of all goods and other market services received from the rest of the world.</td>
</tr>
<tr>
<td><strong>Annual Growth of Exports of Goods and Services</strong></td>
<td>Represents the value of all goods and other market services provided to the rest of the world.</td>
</tr>
<tr>
<td>Metric</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Industry Value Add as % GDP</strong></td>
<td>Measures the total value of industry (defined to include mining, manufacturing, construction, electricity, water, and gas) to a country’s net economic output</td>
</tr>
<tr>
<td><strong>Manufacturing Value Add as % GDP</strong></td>
<td>Looks at the contribution of mining to a country’s total economic output</td>
</tr>
<tr>
<td><strong>External Balance on Goods and Services - % GDP</strong></td>
<td>Represents the difference between exports of goods and services, and imports of goods and services</td>
</tr>
<tr>
<td><strong>Annual GDP per Capita Growth</strong></td>
<td>Measures the average contribution of each unit within a country’s estimated population to total economic output</td>
</tr>
<tr>
<td><strong>Gross Domestic Savings as % GDP</strong></td>
<td>Defined as aggregate domestic savings rate and its contribution to a country’s total economic output</td>
</tr>
<tr>
<td><strong>Domestic Credit to Private Sector by Banks - % GDP</strong></td>
<td>Refers to financial resources provided to the private sector by other depository corporations (except central banks), such as through loans, purchases of non-equity securities, and trade credits and other accounts receivable that establish a claim for repayment</td>
</tr>
<tr>
<td><strong>Human Development Index (HDI)</strong></td>
<td>A composite index developed by the United Nations for measuring average achievement in three basic dimensions of human development—along and healthy life, knowledge, and standard of living.</td>
</tr>
<tr>
<td><strong>Coefficient of Inequality</strong></td>
<td>Measures overall inequality between population groups. Developed and report in the United Nation’s annual <em>Human Development Report</em></td>
</tr>
<tr>
<td><strong>Income Inequality</strong></td>
<td>A measure of income disparity across population groups. Developed and report in the United Nation’s annual <em>Human Development Report</em></td>
</tr>
<tr>
<td><strong>Economic Complexity Index</strong></td>
<td>A measure for assessing the structural complexity or simplicity of a country’s economy, based on the overall mix of products produced by the country. Developed by the <em>Observatory of Economic Complexity</em> project at the Massachusetts Institute of Technology</td>
</tr>
<tr>
<td><strong>Revealed Comparative Advantage</strong></td>
<td>Refers to the competitiveness of a particular product on the international market. Measures a country’s share of meeting demand for the product. Developed by the <em>Observatory of Economic Complexity</em> project at the Massachusetts Institute of Technology</td>
</tr>
</tbody>
</table>