OECD DEVELOPMENT CENTRE

Working Paper No. 183

(Formerly Technical Paper No. 183)

GLOBALISATION, POVERTY AND INEQUALITY IN SUB-SAHARAN AFRICA: A POLITICAL ECONOMY APPRAISAL

by

Yvonne M. Tsikata

Research programme on:
Empowering People to Meet the Challenges of Globalisation

OECD OCDE

December 2001
CD/DOC(2001)15

TABLE OF CONTENTS

ACKNOWLEDGEMENTS 5

PREFACE 6

RÉSUMÉ 8

ABSTRACT 8

I. INTRODUCTION 9

II. GLOBALISATION AND AFRICA 10

III. RESPONSES TO GLOBALISATION: SUPPLY-SIDE AND COMPENSATORY POLICIES 13

IV. THE POLITICAL ECONOMY OF THE RESPONSE TO GLOBALISATION 20

V. CONCLUSIONS AND POLICY LESSONS 30

NOTES 34

BIBLIOGRAPHY 37

OTHER TITLES IN THE SERIES/ AUTRES TITRES DANS LA SÉRIE 41

ACKNOWLEDGEMENTS

The Development Centre would like to express its gratitude to the Ford Foundation for the financial support given to the project on "Income Distribution and Global Interdependence", in the context of which this study was carried out.

PREFACE

Over the 1980s many developing countries recorded disappointing performances in terms of growth, development and, especially, poverty reduction. The 1990s has been the decade of globalisation — defined as both external opening and an increased role of markets domestically. Globalisation in developing countries has occurred largely as a consequence of moves towards external liberalisation, part of broader shift to more market-oriented, export-led development strategies, often in the framework of stabilisation and structural adjustment programmes with the IMF and World Bank. This simultaneous emphasis on globalisation with the unsatisfactory performance of developing countries in lowering inequality and poverty levels, has led to an intense debate over whether globalisation, and the development strategies associated with it, are part of the problem, or part of the solution. The debate has been largely about perceptions, rather than about well-defined propositions, in part because of lack of data, inadequate analysis, and insufficient attention paid to cultural differences.

In the light of this debate, on 30 November and1 December 2000 the Development Centre organised a policy dialogue to assess the impact of globalisation on poverty and income inequality in developing countries. What policies should developing countries pursue to achieve "inclusive globalisation", supported by pro-poor growth? What policies should OECD member countries adopt to help them through, for example, bilateral development assistance and influencing international institutions? In the Development Centre's tradition of frank policy dialogue between experts, policy makers and stakeholders, this particular event gave a voice to those countries and people in the world economy who do not normally participate in the meetings of international institutions.

This series of papers* consists of regional surveys of the impact of globalisation that the Centre commissioned as input and background for the dialogue. For each of three regions — Latin America, Southeast Asia and Sub-Saharan Africa, two contributions were commissioned. The first focused on the economic impact of globalisation, especially the effect on poverty and inequality. The second looked at the political economy of countries in the context of policy formulation in response to globalisation.

The results presented here and in the rest of the series show that globalisation is not the major cause of income inequality and poverty in developing countries, but has none the less contributed to the poor performance of a number of developing countries. What has differentiated winners from losers has been that globalisation has worked by amplifying the effects of pre-existing inequalities in the distribution of assets, especially human capital, and of access to infrastructure and other productive resources. In

countries were inequalities were high, globalisation tended to make inequality worse; similarly globalisation has tended to increase inequalities across countries.

This analysis implies two key, development policy lessons. First, for globalisation to be pro-poor, it needs to be combined with policies which create a more equal distribution of, or access to, productive assets and resources, particularly for vulnerable groups facing the increased competition which comes with globalisation. Second, the speed and sequencing of external and domestic liberalisation must be tailored to the particular circumstances of individual countries, based on their institutional capacity to transform the economy.

Jorge Braga de Macedo
President
OECD Development Centre
5 December 2001

* *Globalisation, Poverty and Inequality in Sub-Saharan Africa: A Political Economy Appraisal*, by Yvonne M. Tsikata

Distribution and Growth in Latin America in an Era of Structural Reform: The Impact of Globalisation, by Samuel A. Morley.

Globalisation, Liberalisation, Poverty and Income Inequality in Southeast Asia, by K.S. Jomo

Globalisation, Growth and Income Inequality: The African Experience, by Steve Kayizzi-Mugerwa

The Social Impact of Globalisation in Southeast Asia, by Mari Pangestu

Where Does Inequality Come From? Ideas and Implications for Latin America, James A. Robinson

RÉSUMÉ

La mise en œuvre des réformes liées à la globalisation a manqué de cohérence en Afrique et les mesures adoptées ont été le plus souvent inappropriées. Si l'on excepte le cas de Maurice, les mesures compensatoires n'ont pas été appliquées dans leur intégralité, en raison des faiblesses de l'administration et de la politisation du processus. La globalisation n'a donc pas réussi à enclencher une croissance durable et propice à la lutte contre la pauvreté. Les différences observées selon les pays résultent essentiellement de la situation politique et institutionnelle locale, de la capacité d'action de l'État et des facteurs extérieurs. A la faveur de la crise économique et de changements politiques, certains États non démocratiques ont pu mettre en œuvre des politiques de libéralisation. Mais, à long terme, il est plus facile de gérer la globalisation avec un système politique capable de rendre des comptes et de bâtir des coalitions. Un soutien à l'agriculture permet d'aider les pauvres dans les pays les moins industrialisés, tandis que, dans les pays dotés en ressources minières, une répartition inéquitable déséquilibre le pouvoir politique et conduit à l'adoption de mesures inadéquates et de réformes peu durables.

ABSTRACT

Implementation of globalisation reforms has been uneven in Africa and the policy response generally inadequate. Except in Mauritius, compensatory measures have not been fully applied, reflecting weak capacity and politicisation of the process, so globalisation has largely failed to achieve sustainable pro-poor growth. Country variations were mostly due to the political-institutional situation, state capacity and external factors. Economic crisis and political change gave some non-democracies a mandate to liberalise and space to do it, but in the long run a political system with accountability and coalition-building makes globalisation easier to manage. Supporting agriculture helps the poor in less industrialised countries, while in mineral-rich countries skewed asset distributions create unbalanced political power, leading to inadequate policy and unsustainable reform.

I. INTRODUCTION

Participating in the global economy is now seen as inevitable for all countries. So the challenge is not how to avoid globalisation, with all its benefits and risks, but how to soften its impact on inequality and poverty. This includes overseeing national and global markets to encourage pro-poor growth and developing policies and institutions to ensure domestic supply responds positively to exogenous and policy-induced globalisation. Some African countries have reacted quite well and achieved better social outcomes. Differences between countries may be due to exogenous factors and initial conditions or to the speed and sequencing of liberalisation and extent of complementary policies.

How have African countries managed globalisation and affected the social outcomes, and what political constraints and factors influenced liberalisation and their response to its effects[1].

II. GLOBALISATION AND AFRICA

Integration of Africa into the global economy has been confused. In the early 1970s, trade-to-GDP ratios were among the world's highest because of the big role of raw material exports. Private capital inflows were small and official inflows often quite large. Private capital flight has been a major perennial problem despite substantial capital controls, as has labour migration (the brain drain). But most countries had very big policy barriers (tariffs and NTBs) to international integration. Controls on capital flows, FDI and foreign exchange have been extensive and most trade run by state or monopolistic entities. So high levels of trade have involved large protected sectors and often rent seeking and corruption.

Trade Liberalisation

Globalisation has made less headway in Africa than elsewhere, but most African countries have made important progress on trade liberalisation, often as part of structural adjustment programmes. While hard to measure precisely[2], policy barriers to trade openness are still quite high compared with other regions[3], with exports still dominated by traditional primary products. Progress has been made recently in some of these areas with encouraging results (manufacturing exports have grown from very low levels) but the greater reforms of the late 1990s have not yet had positive effects.

Globalisation, measured by trade liberalisation, has been uneven and slow throughout the continent[4], (see Table 1). "Strong" liberalisers were Ghana, Uganda and Zambia, "weak" ones Nigeria and Zimbabwe and "intermediate" ones Côte d'Ivoire, Kenya, Mauritius, Senegal, South Africa and Tanzania[5]. This classification matches an intuitive composite speed of integration index devised by Brahmbhatt and Dadush (1996), in which Mauritius and Ghana were the only African countries in the "fast integrators" quartile. Most other African countries were in the "weak" or "slow" integrator quartiles[6].

Table 1. **Pattern of Trade Liberalisation**

Country, Liberalisation Performance	Key Trade Liberalisation Episodes	Policy Reversals	Trade Restrictiveness[a]		Current Regime		Overall Pace
			1993/95	1998	Tariff[b]	Bands	
Strong							
Ghana	1985-91, 1994	N	..	4	12.5	4	Rapid
Uganda	1987-95	N	6	2	9.2	2	Gradual
Zambia	1991-	N	7	2	13.6	3	Rapid
Intermediate							
Côte d'Ivoire	1994-	Y	..	9[c]	14.0	3	Stop & go
Kenya	1988-89, 93-94	Y	10	6	18.4	8	Stop & go
Mauritius	1983-85, 91-	N	10	8	29.1	4[c]	Gradual
South Africa	1994-	Y	..	6	15.0	M[d]	Gradual
Tanzania	1995-	Y	9	7	22.1	4	Gradual
Weak							
Nigeria	1986-90, 1995-	Y	..	..	23.5	M	Stop & go
Zimbabwe	1991-1996	Y	10	10	24.0	17	Stop & go

Notes: *a)* The trade restrictiveness index is a composite index of tariff levels and non-tariff barriers (NTBs). The methodology used to calculate the OTRI may be found in Robert Sharer and others, *Trade Liberalization in IMF-Supported Programmes,* World Economic and Financial Surveys (Washington: IMF, 1998). To put in context, New Zealand's index in 1998 was 1, while Chile's was 2.
b) Mean unweighted tariff expressed in percentage.
c) 1997. The index dropped to 7 in 2000.
d) M = Multiple rates.
.. = not available.

Source: *Côte d'Ivoire: Selected Economic Issues*, International Monetary Fund, Morrissey and Rudaheranwa (1998), Sharer (1998), Tsikata (1999), WTO *Trade Policy Reviews* various issues (Mauritius, Nigeria, Tanzania, Zambia).

"Strong" liberalisers had a sustained (and early) commitment to trade liberalisation and had no major trade policy reversals. Their current trade regimes have low and quite uniform tariffs, little or no quantitative restrictions and no taxes on exports. The speed of liberalisation varied — Uganda more gradually while Ghana and Zambia carried out far-reaching reforms in very short periods. Unlike the "strong" liberalisers, the "weak" ones kept high tariffs and substantial import restrictions and vacillated in liberalising over time. "Intermediate" countries had histories of limited liberalisation or policy reversals but many made progress in the late 1990s.

Capital Account Liberalisation

Capital account liberalisation in Africa is only recent and, like trade liberalisation, has been quite heterogeneous across the region. Some countries which have liberalised went for a "big-bang" approach (Uganda and Zambia) while others took things more gradually (South Africa, Tanzania and Zimbabwe).

Private capital flows to Africa are now increasing, probably more due to better macroeconomic and political conditions than just capital account liberalisation, and are large relative to the economies (Bhinda *et al.*, 1999), contrary to received wisdom. But they are concentrated in a few countries, with portfolio capital mostly going into South Africa, for example, and are low in gross terms and as a share of world flows.

Migration

Outward migration of skilled labour (the “brain drain”) remains a problem. There is little hard evidence globalisation has increased it, but growth in differential opportunities with other regions will sooner or later exacerbate this problem just as HIV is devastating the working population in many countries.

Conclusions

Africa has actually become more marginalised and less integrated in the world economy over the past two decades relative to other regions and has even lost market share in its traditionally important primary commodities. Yet within Africa there is great diversity in liberalisation, with a few countries changing substantially. In Ghana and Uganda, non-traditional exports have grown six and nine times respectively from their 1990 (albeit very low) levels[7] (see Table 2).

Table 2. **Export Performance Indicators**

	Average Annual Export Growth (Percentage)		Export Concentration Index [a]	
	1980-90	1990-98	1970	1990
SS Africa	2.4	4.6	..	..
Côte d’Ivoire	1.9	4.5	0.422	0.312
Ghana	2.5	10.2	0.752	0.377
Kenya	4.3	2.7	0.499	0.309
Mauritius	10.4	..	0.930	0.338
Nigeria	-0.3	5.2	0.583	0.952
Senegal	3.7	2.3	0.311	0.280
South Africa	1.9	5.1	..	..
Tanzania	0.8	10.9	0.255	0.262
Uganda	1.8	16.1	0.596	0.699
Zambia	-3.4	2.0	0.952	0.823
Zimbabwe	4.3	8.9	..	0.327
Low-income	5.9	11.1	..	..
Middle-income	6.1	7.5	..	..
Memo item:				0.156
Malaysia				0.183
Singapore				0.090
Thailand				0.153
Mexico				

Notes: a) The Hirschman concentration index is calculated as the normalised share of all three-digit products in a country’s exports. It ranges between 0 and 1. A higher value indicates a more concentrated export structure. According to UNCTAD, the Hirschman concentration index distinguishes more accurately between countries that are relatively more concentrated.

Source: *World Development Report 1999/2000*, World Bank. National sources (Mauritius), UNCTAD Handbook of International Trade and Statistics (various editions).

African countries not only differ in how they have integrated into the world economy, but in how they have responded in terms of compensatory measures, such as trade adjustment assistance, and in supply-side and other complementary policies to improve the economy’s response to globalisation. Weak compensatory and complementary mechanisms and political considerations mean costs of globalisation are often greater than necessary in Africa.

III. RESPONSES TO GLOBALISATION: SUPPLY-SIDE AND COMPENSATORY POLICIES

Whether or not globalisation is pro-poor depends on how it occurs (sequencing, pace and government capacity) and on a government's response to it with supply-side and compensatory policies. This response has been generally slow and inadequate in Africa. Measures have not been properly planned and have been too often reactive or politically driven and thus poorly targeted and in line with the overall pattern of social and supply-side spending. Castro-Leal *et al.* (1999) show that social sector spending is badly targeted and often regressive[8]. So the poor are benefiting much less than the level of social expenditures would suggest. Mauritius is the only country that has systematically and successfully implemented supply side policies to meet globalisation's challenges. Ghana and Zimbabwe had some success but could not put together a coherent strategy.

Investment in Human Capital: Education and Labour markets

Africa has made great strides in investing in human capital but still lags behind other parts of the world and shows significant variations from country to country. In Table 3, gross enrolment ratios and illiteracy rates measure human capital formation[9]. Based on progress made in the last two decades, we have three groups of countries.

Those that have made "significant" progress are Ghana, Mauritius and Zimbabwe. The first two started out with a better stock of human capital so built on that. Zimbabwe's progress is more dramatic, especially in secondary education, given the low levels it inherited at independence in 1980, and it is now one of the best-endowed countries in Africa. Those that made "moderate" progress include Nigeria, Uganda and Zambia. In Uganda, despite improvements in the late 1980s, the aftermath of the civil conflict means secondary enrolment is still low. "Little" progress was made in Côte d'Ivoire, Kenya, Senegal and Tanzania[10]. In most of these countries, primary enrolment fell, and secondary enrolment grew by less than the average for Africa and is lower than the continent-wide average[11].

Table 3. **Investment in Human Capital**

Country	Primary School Enrolment Rates		Secondary School Enrolment Rates		Adult Illiteracy Rates			
					Men		Women	
	1980	1996	1980	1996	1980	1996	1980	1996
"Significant" progress								
Ghana	79	..	41	..	22	9	48	17
Zimbabwe	85	113	8	49	7	0	14	2
Mauritius	93	107	50	65	11	8	16	7
"Moderate" progress								
Nigeria	109	98	18	33	32	13	57	20
Uganda	50	74	5	12	27	16	53	31
Zambia	90	89	16	27	18	10	35	18
"Little" progress								
Côte d'Ivoire	75	71	19	24	52	33	76	46
Kenya	115	85	20	24	13	5	32	8
Senegal	46	68	11	16	59	43	79	62
South Africa	90	131	..	94	15	10	15	10
Tanzania	93	66	3	5	18	8	43	15
Low-income	*78*	*93*	*25*	*42*	34	23	59	41
Middle-income	*106*	*114*	*51*	*70*				
Sub-Saharan Africa	*78*	*77*	*15*	*27*	34	20	55	29

Source: World Development Indicators, 1999.

Flexible labour markets can improve the benefits of globalisation by enabling quicker adjustment to changes in relative prices with fewer job losses. Forteza and Rama (2000) have calculated a composite index of labour market rigidity that captures these factors[12]: a value of 0 (1) indicates maximum flexibility (rigidity). Table 4 shows that labour markets in Africa tend to be in the top half of the 112 countries studied in terms of flexibility, with great variation inside the region[13]. Uganda is shown to have one of the most flexible. Kenya, Tanzania and Zimbabwe also have fairly flexible ones. But the French-speaking countries (Senegal, Côte d'Ivoire) tend to have more rigid labour markets. Ghana is the median for Africa.

Table 4. **Degree of Rigidity in Labour Markets in Africa, 1970-99**

Country	Aggregate Labour Rigidity Index	Labour Market Rigidity Ranking
Mauritius	0.34	58
Senegal	0.32	52
Côte d'Ivoire	0.27	34
Ghana	0.23	25
Nigeria	0.21	17
Zambia	0.19	15
Kenya	0.15	10
Tanzania	0.13	8
Zimbabwe	0.12	6
South Africa	0.12	5
Uganda	0.09	2

Source: Forteza and Rama (2000). The labour rigidity index is an average over the period 1970-99. The labour rigidity ranking (out of 112 countries) increases with the labour rigidity index.

Compensatory Mechanisms

External liberalisation may involve significant costs. Compensatory measures are a standard way to offset some of the adjustment costs of the initial opening-up and the long-term flexibility needed to become a more open economy. Most countries in the sample have introduced some kind of safety net since the late 1980s, relying heavily on public works programmes. However, few programmes seem to have been created to mitigate the most direct costs of opening up to the rest of the world[14] and not many compensatory programmes have targeted firms and their workers (see Table 5). The few that have include schemes to help the newly-jobless start their own businesses, (re)-training for former public sector workers (several countries), targeted food subsidies (Zimbabwe, Mauritius) and an unemployment fund (Mauritius).

Performance on Poverty and Inequality

It is hard to get a clear picture of trends in income inequality and poverty because sampling dates are infrequent and vary across countries, with little data available before the mid-1980s. Table 6 summarises the available Gini coefficients in the sample countries. The highest are in South Africa, Kenya and Zambia and for the dates available show little or no improvement. In Zambia, there has been a sharp deterioration in the 1990s. Only Ghana and Mauritius can be considered clearly “good performers” in terms of inequality. Assessment of trends in Côte d’Ivoire, Tanzania and Uganda depends on the starting date. The top to bottom quintile ratios in Table 7 show Nigeria as the only country where the richest 20 per cent of the population have steadily increased their consumption relative to the poorest 20 per cent[15]. In all the other countries, except Mauritius, the long-term trend is a relative decrease in the ratio of top to bottom quintile, showing the poor have made some gains. In Mauritius, the trend is unclear, first worsening then improving.

Table 5. **Distribution of Safety Net and Labour Market Components by Country: FY92 - FY96**

Country	Public Works	Micro-Enterprise	LM info and Monitoring	Training	Compensation Schemes	Women	Labour Code	Pension
Côte d'Ivoire I			X	X		X		
Côte d'Ivoire II		X						
Ghana I						X		
Ghana II	X							
Ghana III		X						
Ghana IV			X	X				
Ghana V				X	X			
Ghana VI	X							
Kenya I					X			
Kenya II		X	X	X				
Kenya III							X	
Kenya IV	X							
Kenya V	X							
Kenya VI	X							
Mauritius I			X	X				
Mauritius II								X
Mauritius III			X					
Senegal I	X		X	X				
Senegal II	X							
Senegal III	X							
Tanzania	X							
Uganda I	X							
Uganda II							X	
Uganda III			X	X				
Zambia I	X	X		X				
Zambia II	X			X				

Table 6. **Trends in Inequality**

Country	Years	Gini Coefficient	Type
Côte d'Ivoire	1985	41.2	Expenditure
	1986	38.6	
	1987	40.0	
	1988	36.9	
	1995	38.0	
Ghana	1988	35.9	Expenditure
	1989	36.7	
	1991	34.0	
	1992	33.9	
	1997	32.7	
Kenya	1992	54.4	Expenditure
	1994	57.5	Income
Mauritius	1986	39.6	Expenditure
	1991	36.7	
Nigeria	1986	37.0	Expenditure
	1992	41.1	
	1993	37.5	
South Africa	1993	62.3	Income
Tanzania	1969	39.0	Expenditure
	1977	44.0	
	1993	38.1	
Uganda	1989	33.0	Expenditure
	1992	40.8	
	1993*	35.8	
	1994*	37.9	
	1995*	38.5	
	1997*	35.8	
Zambia	1976	51.0	Income
	1991	43.5	Expenditure
	1993	51.4	Expenditure
	1996	52.4	Expenditure

Source: World Income Inequality Database (WIID), Version 1.0, 12 September 2000.

Table 7. **Ratio of Top to Bottom Quintiles**

Country	Year	Shares		Ratio Q5/Q1 (Top/Bottom Quintile)
		Q1	Q5	
		In percentages		
Côte d'Ivoire	1985	5.7	47.4	8.3
	1986	7.0	46.2	6.6
	1987	6.5	47.0	7.3
	1988	6.8	44.1	6.5
Ghana	1988	6.9	43.2	6.2
	1989	7.0	44.1	6.3
	1992	8.4	42.2	5.3
Kenya	1992	3.4	61.8	18.2
	1994	5.0	50.2	10.0
Mauritius	1980	7.1	39.9	5.6
	1986	5.9	45.7	7.7
	1991	6.7	43.4	6.5
Nigeria	1986	7.0	44.2	6.4
	1992	6.6	48.3	7.3
	1993	4.0	49.3	12.4
Uganda	1989	8.5	41.9	4.9
	1992	6.8	48.1	7.1
Zambia	1976	3.7	56.6	15.3
	1991	5.6	49.7	8.9

Source: Author's calculations from WIID Database, Version 1.0, September 2000.

As well as rising inequality, some African countries have registered increasing poverty and the picture there is even more mixed than on inequality. Table 8 shows large increases in consumption poverty (measured by the head-count ratio) in Nigeria and Zimbabwe, while decreases in Uganda and rural (and more recently in urban) Ghana. Poverty in Africa is also mostly rural, but urban poverty is rising in some countries (Nigeria, Zambia and Zimbabwe).

Table 8. **Consumption Poverty in Africa**

	Headcount ratio[a]		Squared Poverty Gap[b]		Change in per capita consumption (percentage)
Country, years	First Year	Second Year	First Year	Second Year	
Ghana, 1987 & 1996	31.9	27.4	..	..	2.5
Rural	37.5	30.2			
Urban	19.0	20.6			
Nigeria, 1992 & 1996	42.8	65.6	14.2	25.1	-16.3
Rural	45.1	67.8	15.9	25.6	
Urban	29.6	57.5	12.4	24.9	
Uganda, 1992 & 1997	55.6	44.0	9.9	5.9	22.4
Rural	59.4	48.2	10.9	6.6	
Urban	29.4	16.3	3.5	1.6	
Zambia, 1991 & 1996	57.0	60.0	25.5	16.6	-1.4
Rural	79.6	74.9	39.1	23.2	
Urban	31.0	34.0	9.7	5.4	
Zimbabwe, 1991, 1996	37.5	47.2	7.2	9.3	-1.8
Rural	51.5	62.8	10.2	13.0	
Urban	6.2	14.9	0.5	1.4	

Source: Adapted from World Bank (2000), *Can Africa Claim the 21st Century?* World Bank, Washington D.C., Table 3.4, p. 91.

Notes: *a)* The headcount ratio is the percentage of the population falling below the poverty line. It measures prevalence of poverty.
b) The poverty gap measures how far the consumption of the poor falls below the poverty line. It measures depth and prevalence. The squared poverty gap weights the poverty of the poorest parts of the population more heavily and so emphasises extreme deprivation.

Table 9 summarises the trends in poverty and inequality. Ghana and Mauritius again performed well on both counts, with progress on one or the other in Tanzania and Uganda. For other countries, both measures either were stable or rose.

Table 9. **Poverty and Inequality in Africa: Summary**

Poverty \ **Inequality**	**Decreased**	**Stable/No trend**	**Increased**
Fell	Ghana (S) Mauritius (I)	Uganda (S)	
Stable/no trend		Tanzania (I)	Zimbabwe (W) South Africa (I)
Rose		Côte d'Ivoire (I) Nigeria (W)	Kenya (W) Zambia (up to 96) (S)

Source: Appendix 2. S= Strong liberaliser; I = Intermediate liberaliser; W= Weak liberaliser.

Linking these trends to globalisation — especially external liberalisation or the policy response to globalisation — is difficult because much of the liberalisation occurred in the 1990s and inequality data for many countries is only available for the first few years of that decade. The effects of "globalisation" also have to be separated from other factors and, within

globalisation, the effects of explicit policy changes (opening and liberalisation) from exogenous external factors. Performance on inequality will be determined by exogenous shocks such as commodity prices, natural disasters and geopolitical developments, as well as initial conditions, especially state capacity, resource endowments, and asset distributions. This is seen in Table 9, where a letter in brackets summarises the degree of globalisation/liberalisation over the last 15 years, showing there is no neat correlation between the two.

The aim is to go beyond just identifying the role of globalisation and policy liberalisation and to work out why some countries have pursued better policies than others. This means defining good policy as distinct from good outcomes. Good policy is sound macroeconomic measures, supply-side policies that strengthen capacity (especially of poor, vulnerable and rural people) and intermediate to strong liberalisation policies. Good policy means these features were initiated, implemented and sustained over the medium term with suitable speed and sequencing. Based on Tables 1-5, which summarise globalisation and supply side policies followed (or not) by African countries, Mauritius has the best policy, with Ghana and Uganda second, Tanzania third, South Africa, Zambia and Zimbabwe fourth and Côte d'Ivoire, Nigeria and Senegal last.

Table 10 compares the rankings on supply-side and liberalisation performance with those on pro-poor growth, taken from Table 9. The top three countries that were "good performers" in growth, poverty and inequality — Ghana, Mauritius, and Uganda — also lead the policy ranking. This suggests it is possible to both liberalise and reduce poverty and inequality. Also that supply-side and compensatory policies are necessary but not enough to generate pro-poor growth (Zimbabwe failed to improve despite good supply policy). Conversely, Zambia and South Africa show that liberalisation without supporting policies tends to generate unsatisfactory distributional outcomes and, in the case of Zambia, becomes unsustainable.

Table 10. **Summary of Policy and Outcomes**

Liberalisation / **Supply-side Response**	**Weak liberaliser**	**Intermediate liberaliser**	**Strong liberaliser**
Poor	Côte d'Ivoire (no trend) Nigeria (no trend) Senegal (no trend)	South Africa (poor) Tanzania (no trend)	Zambia (poor)
Medium			Uganda (good) Ghana (good)
Good	Zimbabwe (no trend)	Mauritius (good)	

Source: Author's compilation from Tables 2.1 and 2.2.
Note: The poverty and inequality outcomes are recorded in the parentheses.

IV. THE POLITICAL ECONOMY OF THE RESPONSE TO GLOBALISATION

Why do African governments have varying abilities to simultaneously liberalise and implement suitable complementary policies to reduce poverty and inequality?

Analysing the political economy of globalisation requires moving by steps from resource endowments to political preferences and then to political choices by government[16]. Neo-classical trade theory suggests that the owners of factors that a country has plenty of will favour greater openness and vice-versa. Following the factor-based Heckscher-Ohlin trade model, Rogowski (1989) suggests that, in most of Africa, owners of (relatively abundant) land would tend to favour free trade, while labour and capital would tend to be more protectionist[17]. How these preferences translate into government policies depends on how well lobbies are organised by interest groups to politically express their preferences. This depends on the structure of political institutions and the political regime and its ideology. For example, do they have access to policymakers? Is the political leadership receptive?

The extent governments are able to liberalise in a "pro-poor" manner seems to turn on several inter-related political constraints and factors, including history; the political regime and associated ideology, the nature of organised interest groups, the policy regime and external actors and pressures. Which of these political economy factors is most important in practice depends largely on the initial political (and economic) conditions in which liberalisation is attempted. So it depends on the individual country's situation.

Five Cases

We examine five countries more closely — two cases of good policy (Ghana and Mauritius), two intermediate cases (South Africa and Zambia) and one case of poor policy (Nigeria). Table 11 shows how they fit into the political economy framework

Table 11. **A Political Economy Schematic**

Country	Were dominant preferences pro-liberalisation?	Did the political system allow interest groups to have a voice?	Was the policy choice made in terms of sustained commitment to liberalisation	Was liberalisation ultimately pro-poor?	Were opposing domestic interest groups weakened by globalisation?	Were ethnic factors a consideration?
Ghana	Mixed	N	Y	Y	Mixed	N
Mauritius	N..Y	Y	Y	Y	N	Y
Nigeria	N	N	N	N	N	Y
Senegal	N	Y	N	N	N	N
Zambia	Y	N	Y	N	Y	N

Note: N.Y = No, then yes

Ghana

At independence, Ghana had abundant natural resources (especially cocoa) and one of Africa's highest levels of human capital. Natural resources were managed through a network of state-owned enterprises and private cocoa farmers. Over the next two decades, economic mismanagement, military interventions, pervasive corruption and external shock resulted in severe economic decline and falling living standards. The 31 December 1981 coup d'état by the populist Jerry Rawlings and the Provisional National Defence Council (PNDC) marked a new beginning.

Between 1983 and 1991, supported by donors, Ghana carried out far-reaching reforms, including trade liberalisation, fiscal adjustment (through revenue enhancement), devaluation and price decontrol. These traditional policies were accompanied by supply-side policies — a massive programme of infrastructure rehabilitation, support for small business and large investments in human capital, raising enrolment and literacy rates. The budget share was maintained for the social sectors, notably the rural sector and the urban poor (through PAMSCAD — the first such programme in Africa). These measures were often implemented through NGOs and civil society to supplement state administrative capacity.

Ghana's economy rebounded from economic collapse. It registered sustained growth during the first decade of reform, averaging over 5 per cent a year[18]. Exports recovered and diversified somewhat, though the country remained vulnerable to terms-of-trade shocks to its cocoa and gold exports. Poverty was substantially reduced and inequality fell over the entire reform period as growth favoured export agriculture, food crops, small-scale mining and resource-based manufacturing.

Several things explain Ghana's good policy. The crisis made space for reform by discrediting vested interests that might have opposed change, such as managers of state-owned enterprises and the officer corps of the military. Traditional elites associated with rents, tax evasion and corruption under the old regime were the target of reform, while urban trade unions were co-opted by the regime's populist platform. The emphasis on rural spending was in line with the regime's populist ideology, but more importantly because the PNDC's support came from the countryside and multi-party democracy was expected in the future. But this factor should not be over-emphasised as economic "winners" from external liberalisation, such as smallholders, did not mobilise to support reform. Rather, Rawlings was insulated from interest group pressures, freeing his regime to liberalise comprehensively.

The self-reinforcing nature of pro-poor growth was partly due to supply-side emphasis on rural areas, infrastructure, small businesses and education. Most importantly, the reforms generated their own support, and were thus sustainable, by delivering faster growth and more foreign exchange. Growth benefited a fairly broad spectrum of the economy[19], especially as it was labour-intensive.

External forces boosted policy independence from traditional rent-seeking elites. In the Cold War context, the populist regime initially sought backing from the Soviet bloc but did not get any[20]. By contrast, the policy prescriptions of the IMF and World Bank,

such as eliminating import licences, were consistent with the regime's political strategy and populist agenda of eradicating corruption and rent-seeking. Their financial assistance contributed to visible improvements in infrastructure and social amenities, thus consolidating political commitment to liberalisation. The IMF and the Bank showed greater flexibility than normal by allowing Ghana to undertake a more growth-oriented adjustment[21].

Zambia

Copper dominates Zambia's economic history. During the Kaunda and UNIP era (1964-91), legitimacy was based on patronage politics favouring urban wage-earners in a country that is one of the most urbanised in Africa. State revenue relied heavily on taxation of copper exports and profits from majority ownership in the state mining company. The party redistributed the rents from copper to its key urban constituency by subsidising basic commodities such as maize meal, cooking oil, salt, milk and soap. The fall in copper prices from the mid-1970s, effectively a deterioration in the terms of trade, led to economic and social decline. The shrinkage of resources available for patronage led to defection of UNIP's traditional supporters — the copper sector (mineworkers, copper company executives), the primarily-urban beneficiaries of UNIP largesse from subsidies, and parastatals. In 1991, the new Movement for Multi-party Democracy (MMD) resoundingly defeated Kaunda and UNIP.

The new government implemented a comprehensive and rapid adjustment programme in 1992. Apart from trade reforms, product and capital markets were liberalised, price controls dismantled and most agricultural subsidies eliminated. Investments in human capital suffered from fiscal restraint and subsequently low economic growth and a raft of social programmes were not enough to help the poor adjust.

Many economic indicators improved, but overall GDP growth remained stagnant over the first five years of reform and industry was especially hard hit by trade liberalisation. No significant progress was made in diversifying exports and copper continued to dominate exports. Per capita incomes and employment fell steadily in the 1990s (these trends may have reversed towards the end of the decade). Poverty and inequality trends were mixed over the reform period. Poverty at first increased (mostly in towns), then fell. Inequality also rose initially but seems to have fallen in the past two years.

Zambia's weak performance meant reform could not be sustained for want of results. Liberalisation was quite comprehensive but sequencing was poor as there was no coherent growth strategy (see Rakner *et al.*). Agricultural liberalisation took place before macroeconomic stabilisation was complete so farmers had to simultaneously face severe drought, high interest rates[22] and falling domestic demand while fiscal restraint prevented the government from helping them. Little was done in terms of supply-side policies, which were especially necessary due to the need to diversify away from the economy's heavy reliance on copper and the lack of institutions to bring that about. Poor sequencing and absence of complementary policies was compounded by negative external shocks. The economy again faced declining terms of trade as world copper

prices fell for most of the 1990s and this had a double effect on state revenues as the government dragged its feet on privatisation of the copper mines, ultimately reducing its value significantly. The poor economic performance created its own negative feedback. Domestic constituencies abandoned reform and external donor support, already hesitant due to the government's initial inaction on the social front, was further undermined as the social costs of liberalisation rose[23].

Zambian reform policies can be attributed to the initial conditions, the nature of the political regime, ideology and external factors. Like Ghana, the comprehensive nature of Zambian liberalisation was largely possible because economic crisis gave the regime some initial breathing space. This was strengthened by active domestic support. The economic situation was so dire that the regime was under active pressure[24] to pursue aggressive reforms from a broad set of constituencies and even traditional supporters of the old regime accepted the need for change. The largely urban character of Zambia also explains the lack of complementary policies. There was no political incentive to favour rural sectors.

The narrow focus on liberalisation and stabilisation was reinforced by ideology and external factors. The regime wanted to signal its commitment to reform and distinguish itself in the eyes of external donors (especially the World Bank and IMF) from the Kaunda regime's repeated and failed adjustment attempts (Rakner *et al.*, 2000). This may have made the two institutions "tougher" than they might have been[25]. Ideologically, the government was hostile to state planning and the more pro-active policies involving supply-side support, safety nets and poverty reduction.

Mauritius[26]

The small island nation of Mauritius gained independence in 1968 with an economy based on sugar and a skilled labour force. Its earnings from sugar exports were less vulnerable to external shocks because of the Lome Convention's highly favourable Sugar Protocol. The government nevertheless moved towards greater outward-orientation and openness much earlier than other African countries. Its strategy sharply contrasted with the more orthodox market-oriented "Washington Consensus" approach adopted later, in the 1980s and 1990s, elsewhere in Africa. The Mauritian strategy was based on a more heterodox industrial policy approach similar to that of East Asia. Soon after independence, the key institutions were put in place, notably an export processing zone (EPZ)[27], for shifting from a sugar based economy to manufactured exports. The EPZ design (bonded factories that could be located anywhere on the island) ensured that no enclave developed and that job opportunities would be spread to rural areas and small towns, away from the capital. The EPZ allowed the government to adopt the East Asian strategy of low-wage (often female) jobs in electronic assembly, garments and textiles while more vocal primarily male constituencies (government and agricultural workers and import-substituting industry employees) still received higher wages.

The EPZ was accompanied by sound macroeconomic[28] and supply side policies, skilfully supported by investments in health, education and social services. Subsidies for basic commodities, direct compensation packages and flexible labour market policies helped ease the transition out of the sugar sector (Mauritius has the most flexible labour

market in Africa, according to Forteza and Rama). Many of these programmes were funded by taxes on the sugar sector itself[29].

Mauritius became one of Africa's fastest-growing economies and its GDP grew an average of more than 5 per cent a year in the two decades after independence. More remarkably (for Africa), it achieved this through expansion of manufactured exports. Poverty fell significantly. After an initial rise, inequality fell too and social indicators improved and are now well above average for Africa and indeed for middle-income countries.

The main factor in all this seems to have been the government's success in neutralising and shifting the preferences of potential opponents of reform, such as economic interests tied to the sugar economy. Efforts to integrate more fully with the global economy were threatened by the sugar barons and other landed elite who ran a labour-repressive plantation system on the densely-populated island. The government neutralised the sugar barons' opposition to liberalisation by a progressive tax on sugar and by encouraging them to switch to manufacturing in the EPZ. Expropriation or nationalisation of the plantations was thus avoided, the landed elite found another way to make money and their power was reduced. They even became champions of trade-oriented policies. So the key winners from liberalisation were sugar barons, exporting manufacturers and EPZ employees (especially women).

Another potential threat came from male workers in the import-substituting industries and they were compensated directly. In the longer run, the government passed laws to ensure labour was integrated politically and to try to induce a more flexible labour market. The important 1973 Industrial Relations Act eased rules on competition and entry of unions and introduced many corporatist features, such as a tripartite National Remuneration Board. These measures meant labour and other groups were included in policy debates and worked within the system rather than destabilising it from outside.

The inclusive features of the tripartite labour system were reinforced by a political system that promotes coalition building and compromise and favours rural districts. The electoral system encourages political representation of all major communities and coalitions, which generates fairly strong pressures for moderation in economic and social policy. All post-independence governments have been coalitions. The fact that the districts give more weight to the rural vote means the urban bias identified in most of Africa by Bates (1981) and others has not been as strong in Mauritius. As a result, social policies were an explicit and important component of Mauritian development strategy because they helped maintain the political coalitions necessary to form governments. Key to this were resources from sugar, however.

Mauritius usually managed to convince the Bretton Woods institutions that the need for political and economic sustainability justified its slower liberalisation[30].

Nigeria

At independence, Nigeria's economy, well endowed with land, was dominated by agricultural exports. During the 1970s, the country enjoyed a boom as crude oil prices took off, but the oil surplus was mismanaged. Unsustainable government spending,

increased corruption and a rising exchange rate due to the “Dutch Disease” foreshadowed chronic fluctuations in the economy. The fall in oil prices after 1980 led to revenue shortfalls, more foreign borrowing and rising debt pressures. For the next two decades, Nigeria had a bewildering series of military regimes and economic crises as boom and bust periods alternated, depending on oil revenues.

Bust periods triggered attempts at reform. Trade liberalisation was tried between 1986 and 1991, along with efforts to break up the state oil monopoly (the Nigerian National Supply Company), but no attempt was made to establish a viable exchange rate system[31]. There were significant reversals and after some initial liberalisation, tariffs increased every year between 1988 and 1991[32]. The authorities paid little attention to investment in human capital, labour market policy and other social policies. Given weaknesses in infrastructure, credit and corruption, the response to export incentives was, not surprisingly, quite modest. Growth was poor and inequality and both rural and urban poverty increased substantially.

The main political and institutional elements behind the stop-go liberalisation and resulting dismal outcomes include the dominant patron-client system, the nature of the political leadership, the electoral system and the power of traditional interest groups. Since independence, Nigeria has been plagued by rivalry between Nigeria’s “big three” ethnic groups (Hausa, Ibo and Yoruba), religious polarisation and the associated competing claims on state resources. Attempts at reducing the ethnic factor in politics, through gradually dividing larger states into smaller and weaker ones[33] or introducing a national party, were a failure. Governments have had to do a balancing act based on patron-client relationships founded on rent-seeking[34].

With liberalisation, the patron-client system was most visible through two key elite groups, the military and domestic manufacturers. Both benefited from import licensing and tariff barriers, the military because officers got payoffs from smuggling. The Babangida government sought to buy off organised elite opposition to reforms and keep support by creating new opportunities for corruption and ‘rents’. This was done within the framework of liberalisation itself, and agricultural liberalisation, privatisation and financial sector liberalisation were all politicised so government allies and cronies benefited the most, making huge profits[35].

The capture of the benefits of reform through corruption and rents lead to increasing popular resentment and contributed to growing social inequality. At the same time, potential winners failed to emerge as benefits were offset by shocks such as the drop in cocoa prices in 1989-90[36]. For losers from reforms, compensatory programmes were used to mute opposition rather than as part of a coherent strategy to help the poor and vulnerable[37]. They were ineffective in reducing poverty as the rural sector was ignored and wage-earners in both public and private sectors suffered falls in real earnings. As support for reform flagged, the regime reversed its efforts at political liberalisation and increased repression and persecution of civil society. Faced with growing political instability, higher oil revenues and popular opposition to adjustment, it abandoned liberalisation.

Nigeria’s relationship with the multilaterals was particularly contentious and tricky. The very public debate the nation had had in the mid-1980s, which ended in rejection of

an IMF loan, made it politically difficult for the regime to be seen co-operating too closely with the IMF and the World Bank. But Nigeria's need to return to international credit markets meant it had to have the IMF stamp of approval. The regime's response was to agree to a programme with the World Bank, "shadowed" by the IMF. The trade liberalisation between 1985 and 1991 and the reform of the exchange rate were two of the IMF's three essential conditions.

South Africa

South Africa's factor endowments are slightly more complex than the rest of Africa. It has abundant capital, a highly developed financial sector linked to the rest of the world, and well-organised industrialists. It also has a large number of unskilled labourers, though arguably high-cost relative to their productivity.

Until the early 1980s, South Africa had a closed economy. A policy of import-substituting industrialisation and investment in so-called "strategic industries" (chemicals, petroleum, iron and steel) had resulted in a complex web of high and constantly changing tariffs, special duties and import bans.

South Africa has taken a steady and quite orthodox approach to liberalisation since the fall of apartheid made integration into the world economy politically possible. Since 1994, the new government has taken big strides in liberalising trade through a tripartite process begun in 1993, though a fair amount of discretion remains. The capital account is not fully open, but the authorities have moved towards opening it gradually. External reforms have been accompanied by domestic reforms such as extensive privatisation. The government has introduced programmes to help the poor (credit and business development skills for micro and small enterprises) but implementation has been slow.

These policies have brought modest growth while poverty and inequality in South Africa remain among the highest in the world. Winners in the past decade include skilled labour (which enjoys a premium because of its scarcity), capital (which is able to invest increasing amounts abroad, especially elsewhere in Africa), manufacturers in mineral-based processing, and some niche markets. Losers include import-substituting manufacturers and unskilled labour, which are unable to compete with imports. Rigid labour market policies, which have not been reformed, have probably contributed to stubbornly high unemployment, though this remains very controversial.

The preferences of both industrialists and labour over trade liberalisation coincided and carved out some exceptions in implementation. Their concerns about potential job and output losses led to a special dispensation for two labour-intensive so-called "sensitive" industries (textiles and motor vehicles) in the offer made to the (then) GATT in 1994. This consisted of slower liberalisation (eight years to meet the GATT accord terms versus five for the other sectors) and a special import duty rebate incentive for auto industry firms. The actual offer was worked out in a series of meetings between the government, the ANC, trade unions and business.

Labour had mixed success translating its preferences into pro-labour and pro-poor government policies, largely because globalisation imperatives forced the government to

soften its socialist ideological heritage. The authorities gave priority to internal financial and investor community concerns over those of labour or inherited social problems (see Habib and Padayachee, 2000).

The ANC had always favoured a state-led development strategy to reduce poverty and inequality. However by 1993 it was softening its stance. The Reconstruction and Development Strategy announced in 1994 envisaged a significant role for the state but there were signs the ANC was switching its thinking in two important areas — outward orientation and the importance of foreign investment.

Over the next two years, the balance of power in economic policymaking was defined by ideological and financial resources (see Habib and Padayachee). Ideologically, the collapse of communism led to the increased ascendancy of the free market ideology and left few alternatives.

The macroeconomic strategy the ANC eventually unveiled in June 1996 was quite orthodox, with a few microeconomic levers thrown in to address social concerns. It followed four months of speculative attacks on the rand that appeared to be non-economically related[38]. South Africa is more vulnerable than other African countries to the full range of what globalisation entails. It receives significant private capital flows, much of which is short-term or portfolio capital flows that tend to be more volatile. But its fairly diversified export basket (by African standards) means it has been less vulnerable to falls in commodity prices, such as gold.

Why did the macroeconomic strategy end up being so orthodox? Although vulnerability to capital outflows or capital flight was an issue, it was probably not the key one, since capital flight by the domestic business community was less of a concern because of exchange controls. Rather rebuilding investor confidence was important if domestic private investment was to rise. Greater existing integration, particularly of capital, also offered opportunities for access to foreign capital not available to most African countries, as well as the political support of interest groups already tied to the global economy. The government's growth policy moved strongly towards a neo-liberal strategy that favoured reliance on foreign investment and credit, reinforcing the power of those interest groups. This meant the balance of power shifted towards foreign investors and the international financial institutions (who could influence the investment grade assigned by credit rating agencies and hence the cost of capital). The fact that union leaders were politically linked to the ANC may also have been a restraining influence. Domestic capital does not seem to have been dominant in determining policy, though it was important in encouraging the government to stay the course.

The political process, or lack thereof, was important too. The government had problems negotiating with labour and business (an earlier social pact was dropped from the final programme and labour market flexibility was in name only). Similarly there was lack of capacity within government to implement a strong supply-side programme. Support for small businesses, land reform and public works programmes advanced little in the first two years of the programme.

The ANC's steady implementation of a relatively orthodox macroeconomic stabilisation package since 1996 has not been entirely consistent with other policies, especially labour legislation, showing that COSATU continues to have influence. The

Labour Relations Act (LRA), the Basic Conditions of Employment Act (BCEA) and the Equal Employment Opportunity Act are seen by employers and investors as a deterrent to hiring permanent workers. Small firms (which are more labour-intensive in South Africa) are hard-pressed to meet such requirements. The laws protect those with jobs but make it harder for outsiders to get work[39], which keeps inequality high. Collective bargaining at industry level through industrial councils has contributed to higher wages. With unemployment stubbornly above 30 per cent, the government is thinking of amending the laws, thus admitting they may be deterring employment. Nattrass and Seeking (2000) argue that labour market rigidities make South Africa especially poorly equipped to deal with globalisation.

V. CONCLUSIONS AND POLICY LESSONS

Mauritius is the only country in our sample of African states to have coped successfully with globalisation over the past two decades. Ghana and Uganda had mixed success. The largely equitable outward-oriented growth of Mauritius resulted from deliberate economic and social policies to diversify away from sugar into manufactured exports. Ghana had equitable pro-poor growth based on recovery of food crops, resource-based exports and related manufacturing, which in turn were linked to liberalisation and improved infrastructure. But the economic difficulties the country has faced since the introduction of multi-party democracy in 1992 suggest the present path is unsustainable. Uganda has also had pro-poor growth, based on the recovery of coffee, its main export. But Côte d'Ivoire, Nigeria, South Africa and Zambia saw worsening poverty and inequality, resulting from inconsistent liberalisation (Côte d'Ivoire and Nigeria), inappropriate pace and sequencing of reform (Zambia) and inherited structural difficulties and failure to implement complementary policies and a consistent labour market policy (South Africa). This all suggests that policy matters, but that the external environment, such as commodity prices, is important too in determining what policies are chosen and whether they are sustained.

Why were there variations in reform? Economic crisis seems to weaken resistance to reform and often provides the impetus for it (Ghana, Zambia and Uganda), but it is neither necessary (Mauritius and South Africa) nor sufficient to start and sustain it. Economic growth is however necessary to sustain commitment to it. In Ghana and Uganda, rapid and visible benefits from reform, plus the memory of past economic failures, gave the governments there space to continue. But in Zambia, lack of growth added to the problems the MMD faced in sustaining reform. Once liberalisation is under way, what matters in determining the kind of liberalisation and complementary policies (and ultimately the impact on the poor) is the nature of political institutions (regime, accountability and ideology), state capacity and external resources.

In regimes making clear breaks with the past (Ghana, Uganda and Zambia) and undergoing economic crisis, interest group politics and pressure (preferences) were less significant in influencing the path and pace of liberalisation, and policy reversal was rare. As Bates and Devarajan note, preferences did not influence choices because the politico-institutional framework did not give a voice to those who stood to lose from liberalisation.

But where political regimes were a continuation of "business as usual" despite economic crisis and changes in leadership (Côte d'Ivoire, Nigeria and Senegal), interest groups had a greater say in the start and pace of liberalisation. The need to appease traditional elites who were at the root of the ruling party and had access to key

policymakers imposed gradualism that reflected resistance to reform that produced frequent policy reversals. The political space was much narrower. In Mauritius, preferences were expressed through a much more representative political structure, leading not only to gradualism but a more long-term vision of trade policy and reform. Similarly, in South Africa, the need for the ANC government to consult with other members of the tripartite alliance (the trade unions and the Communist Party) and the ANC's socialist past led to greater concern for job losses and more gradual trade liberalisation, as well as inconsistent labour policy. However, the deep distributional conflicts based on historical racial, tribal and other divisions may have meant South Africa, Zimbabwe and Nigeria faced much greater challenges in generating support for pro-poor globalisation than other countries.

The degree of political accountability also influences how much the government tries to alleviate the social costs of globalisation. In democracies where the electoral system enables judgement and removal of non-performing leaders, and where interest groups are encompassing, there is an incentive to ensure broad-based equitable growth and invest in coalition-building (Mauritius)[40]. This may be reinforced by the regime ideology (socialist Zimbabwe emphasising human development). Ideology may be important enough to influence the response to adjustment costs even in non-democracies (pre-multi-party Ghana). But usually absence of political accountability opens the door for interest group dominated policies, where the less needy (but more vocal) are helped before those who require assistance (Nigeria and Senegal).

State capacity (itself partly a function of the human capital base) is also an important determinant of how well countries are able to reduce the costs of globalisation. State capacity affects the ability to design and implement safety nets and compensatory programmes and to generate funds through taxation. Many of the countries reviewed introduced a range of programmes but weak administrative capacity meant poor implementation. It is probably no coincidence that Mauritius (the best endowed with human capital) had the most complex set of safety nets. State capacity also influences the ability of countries to craft independent policy positions and negotiate effectively with the multilateral institutions about the pace and design of reforms and so perhaps adopt a more gradual pace with lower adjustment costs (Mauritius and elements of the Ghana reform programme).

An adjustment programme was no guarantee of a time-bound path for trade liberalisation being followed or suitable complementary policies being implemented. Countries under adjustment had different experiences, showing the importance of other factors. External finance was important in sustaining reform in Ghana and Uganda, but was unable to do this in Zambia. Multilaterals, however, had a big impact on the design of programmes, especially in countries with weak capacity such as Zambia. Private external finance (and ideas) was important in establishing the EPZ in Mauritius.

What are the lessons for policy? First, liberalisation is likely to be more sustainable when it generates good outcomes or can compensate losers. Sustainable liberalisation and good outcomes in turn require complementary policies and institutions. In the short-run, countries may be able to use liberalisation to reduce poverty without investing heavily in complementary measures. They can tap into unused capacity in manufacturing (Ghana) and revitalise depressed export or food crop sectors (Ghana and Uganda) to

create employment and reduce poverty. This often happens when building on activities that do not require investment in infrastructure, such as the revival of coffee in Uganda, and when commodity prices are favourable.

However, in the medium-term, the ability of any growth recovery to provide sustained benefits to the poor depends on complementary policies. Providing credit, developing skilled managers and technicians, labour market reforms, strengthening the technological base in rural and urban areas, providing inputs to agriculture and targeted interventions to reduce the vulnerability of the poor seem the most important. Even for natural resource-based revivals, complementary infrastructure is often necessary (feeder roads for cocoa, credit for farmers and mine upgrading in Ghana). Complementary policies can keep even non-targeted winners doing well. In Ghana, petty traders and the informal sector in rural and urban areas benefited from the increased incomes and ready availability of land and credit under the safety net PAMSCAD. But in South Africa, while gradual trade liberalisation may have partly stemmed job losses, failure to address labour market issues (or only belatedly) and slowness in upgrading skills reduced competitiveness exactly when it needed to be enhanced. Other labour market policies, such as government reluctance to introduce different wages for youth and in depressed areas, probably hurt the poor.

Second, strengthening complementary policies means boosting state capacity (both individuals and institutions), especially as the kind of policies needed to respond to globalisation, such as labour market policies, are more complex, requiring more negotiation and consensus building than macroeconomic stabilisation. Civil service reform that encompass professionalism, merit-based service and decent pay is a step in the right direction. Strengthening the ability to generate resources through taxes is also important to help pay for potential compensation, reduce aid dependency and gain greater autonomy over policy. Boosting the capacity of non-government agencies and individuals who can advise policymakers and increase a government's accountability is critical too.

Third, the pace and sequencing of reforms are critical determinants of the impact of globalisation on the poor. A balance has to be found between fostering efficiency through competitive pressures and building capabilities. A more gradual pace allows establishment of institutions and policies to support the restructuring of existing firms and emergence of new ones, new products and new crops. In Zambia, over-rapid trade liberalisation and tight monetary policy led to job losses and decimation of industry. Incorrect sequencing of monetary and liberalisation reforms led to financial problems for farmers and, concerning the capital account and monetary policy, led to a kwacha appreciation at odds with the goals of the liberalisation package. South Africa's liberalisation of the capital account, however, was done cautiously, clear advance signals given and appropriate supporting institutions established first. In Mauritius, gradual liberalisation allowed for a decline in sugar's importance while social institutions and EPZ allowed emergence of new winners and opportunities[41].

Fourth, establishing a suitable political and institutional framework to guide the interrelated policies of liberalisation, social policies and other complementary reforms is crucial. Liberalisation may occur when reformers are either insulated from opposing interests in non-democratic governments (pre-1992 Ghana and in Uganda) or else when

new interests emerge to support reform (Mauritius), which is more attractive and desirable for the long-term political sustainability of the reforms. An electoral system that forces leaders to look beyond a narrow set of interests, as in Mauritius, is the way to build popular support for liberalisation. Building coalitions for reforms, even in countries that experience growth and poverty reduction, has been notoriously hard. Reasons include the classic free-rider problem and difficulties of collective action, fragmented organisations (farmers, business) that contain both winners and losers, cross-cutting rather than organisational interests and sometimes political ambivalence towards the regime despite economic gains. External support for “passive” winners may sometimes help, but this can backfire[42].

The system’s ability to allow emergence of demand-based projects to redress the costs of adjustment, distribute benefits from growth, dialogue with the private sector and encourage citizen participation in political and policy processes are all part of establishing the suitable political framework. Establishing an internally consistent democratic social contract calls for leadership with an economic and social vision, political accountability, broadened dialogue with the population and coalition building. Societal consensus helps but is not necessary. Strengthened capacity of civic organisations (particularly those not usually having a voice), the media and continued support by donors for multi-party democracy are critical to enhancing the policy dialogue and debate.

Fifth, improved agricultural performance is often a major component of pro-poor responses to globalisation in Africa because it ensures growth is labour intensive. as in Ghana, Uganda and early Zimbabwe. This works for most countries except the very urbanised and industrialised. Africa has nowhere near experienced a ‘Green Revolution,’ so boosting agricultural productivity and output through adequate credit, inputs and technological improvements is a priority.

Finally, external support (both ideas and finance) can be important in offsetting some costs associated with globalisation or offering new directions. Aid can offset terms of trade losses and fund social safety nets and infrastructural improvements (Ghana, Uganda). Ideas can also come from other countries — Ghana’s earlier adjustment effort influenced the Ugandans who decided on a more gradual approach. Chinese (and also French) connections taught Mauritius many things.

NOTES

1. The analysis focuses on countries for which both poverty and income inequality data are available (Côte d'Ivoire, Ghana, Kenya, Mauritius, Nigeria, Tanzania, Uganda and Zambia). This may create a sample selection bias, as some of the worst performing countries tend not to have adequate data, but there is a big enough range of policies and outcomes for useful analysis and comparison. Insights from other African countries (notably Senegal, South Africa and Zimbabwe) are also drawn on.
2. Looking at progress in removing QRs, lowering tariff levels, simplifying the tariff regime, eliminating export taxes, and overall credibility over time.
3. Oyejide *et al.* (1999), Tsikata (1999) and Sharer *et al.* (1998) are fairly comprehensive reviews of trade liberalisation in Africa. High tariffs, non-tariff barriers and export taxes in some countries are still a big obstacle to trade and a disincentive to exporters. Average tariff rates in developing countries (a sample of 127 countries) had fallen to 14.4 per cent by 1995-98 (World Bank estimates). But African tariffs still average over 25 per cent and the continent's trade barriers were virtually unchanged by the Uruguay Round.
4. An IMF review of trade liberalisation in African countries applying IMF-supported adjustment programmes in the 1990s shows that while these countries have liberalised, their trade regimes remain more restrictive than elsewhere in the world. In 1990, the IMF classified 70 per cent of Africa's trade regimes as restrictive and none as open. From 1996 to 1998, 35 per cent of the same group of countries were considered open, 35 per cent still had moderate restrictions and 30 per cent remained restrictive. By comparison, for all other countries applying IMF programmes in 1996-98, the Fund considered 51 per cent to be open, 39 per cent to have moderate restrictions and 10 per cent to be restrictive [see Sharer (1998)].
5. South Africa and Mauritius are two interesting exceptions and could be classified as strong liberalisers. South Africa has sharply reduced tariffs and eliminated non-tariff barriers, but the complexity of the regime and continuing discretion in rate-setting makes for non-transparency. Mauritius has had a limited liberalisation, with firms operating in the export processing-zone regime enjoying free trade conditions comparable with the "strong" liberalisers, while firms not in it are under the fairly restrictive regime shown in Table 2.1.
6. The index is based on changes between the early 1980s and early 1990s in four indicators: ratio of real trade to GDP, ratio of FDI to GDP, Institutional Investor's credit ratings, and manufactures' share in exports. The results are grouped into quartiles ("fast", "moderate", "weak" and "slow") according to the level of the index.
7. See Alan Gelb and Robert Floyd, "The Challenges of Globalization for Africa", paper prepared for Dakar Leaders' Forum, World Bank Africa Region, 1998, p. 12.
8. Chu, Davoodi and Gupta (2000) obtain similar results, finding that government health and education spending is poorly targeted in Africa compared with elsewhere.
9. Measuring the stock of educational human capital by enrolment rates is difficult. Teachers and school administrators may be tempted to over-report, repetition and dropout rates are not captured and individuals may not accurately self report. Measures of educational attainment can also be unreliable. So enrolment ratios, while imperfect, are a reasonable compromise.
10. Tanzania's low enrolment rates at secondary (and tertiary) levels reflect a deliberate policy to de-emphasise primary education to increase basic literacy.
11. Training programmes are also part of the response to globalisation's challenges but have unfortunately not emphasised upgrading skills of already employed workers and their implementation record is mixed.

12. As well as the ILO conventions ratified by a country, the following measures are used: the ratios of minimum wages to average labour costs in large manufacturing firms and to per capita income, the percentage of salaries that employers and employees have to contribute to the social security administration, the legal number of days of maternity leave with full pay for a first child born without complications, the percentage of the labour force belonging to trade unions, ratification by a country of ILO convention 87 on the right to bargain collectively and civil service employment (including local government) and in the central government as fractions of the labour force. According to Fortenza and Rama, “the number of ILO conventions ratified by a country is a reasonable proxy for the ‘thickness’ of its labour code, hence for the degree of labour rigidity as stated on paper.” However the ability to monitor and enforce implementation is what determines rigidity in practice.
13. Mauritius stands out as having the most rigid labour market in the sample, but the composite indicator does not reflect the situation in the Mauritius Export Processing Zone, where a different and more flexible labour market operates. South Africa’s ranking is dominated by the earlier apartheid years, when labour was restricted. A composite indicator for the years since the 1994 elections would probably show a more restrictive regime.
14. A qualified exception is so-called matching grant schemes — cost-sharing measures to subsidise use of business development services by firms. These targeted firms fairly generally and, except for the Ugandan and South African schemes, were introduced several years after liberalisation had started.
15. Uganda also shows an increase in the two years for which there is data. However the Appleton (1999) data suggests this trend may have changed in the 1990s.
16. This follows the approach of Bates and Devarajan (1999).
17. In Frieden (1991), the use of the Ricardo-Viner trade theory suggests that mining, forestry and other “landed” sectors would favour free trade, while manufacturing and industry would oppose it.
18. A unique feature of Ghana’s reform programme was that it was not contractionary. More than a decade of economic decline had left little to squeeze.
19. Key winners from the reforms included multinationals, businessmen in natural resource-based activities (plywood, simple metal products, food processing), construction and service sectors, large and small farmers in cocoa and other food crops, migrant workers and small-scale miners..
20. Respected left-wing intellectuals such as Samir Amin, of the Dakar-based Institute for Planning and Development (IDEP), advised the government there was little alternative to a standard orthodox package, given the dire economic straits it found itself in. [see Tsikata (forthcoming)].
21. Martin (1993) attributes this to appreciation of the government’s adjustment efforts, pressure from OECD governments, more effective negotiation by the Ghanaians and the greater leeway provided by high external finance inflows.
22. The high cost of credit also hit manufacturers already reeling from increased import competition.
23. *Africa Confidential*, Vol. 34, No. 3, 1993.
24. Meaning there was initially little organised interest group pressure against liberalisation.
25. Several other things may have affected relations with external donors. There was little government input or ownership in the design of the reform programmes (Rakner *et al.* (forthcoming), Bigsten and Kayizzi-Mugerwa, 2000). Martin (1993) has stated in a comparison of adjustment in Ghana and Zambia that the Zambian team was less skilful at negotiating with the Bretton Woods institutions, resulting in a less growth-oriented adjustment. There may have been naivety and weak capacity on the part of the Zambians, but the rapidity of reform was in line with their inclinations.
26. This section draws on an excellent study by Brautigam (1999).
27. The relevant legislation was passed in 1970. The EPZ allowed a dual trade regime — a liberal free trade one for EPZ production and a highly protective regime for domestic production.

28. Unlike most African countries, Mauritius never suffered from an overvalued exchange rate (Gulhati and Nallari, 1990).

29. Pension schemes, protective legislation for sugar plantation workers, continued food subsidies on major imported foods, fertiliser subsidies for small farmers, taxes on the devaluation windfalls enjoyed by reform's winners, small-enterprise loans for the educated unemployed, continued free primary health care, and social insurance (through public works programmes) were all intended to reduce the costs of opening up.

30. Despite pressure from the World Bank, three successive governments in the 1982-83 period were able to resist any substantial trade liberalisation. They cited concerns about balance of payments pressures that would arise from import liberalisation, and the likely fall in income and employment (and consequent political instability) if import-substituting industries were forced to face competition (Gulhati and Nallari, 1990, pp. 39, 54-55).

31. Quantitative restrictions were not touched. The overvaluation of the exchange rate (an important complementary measure) was not addressed until late 1986 when a two-tier exchange rate system was introduced. Due to corruption in its implementation, this was replaced by a "Dutch auction" in 1989, where the winning bidder pays the bid price.

32. Trade liberalisation accelerated in 1988, but after complaints by manufacturers, the regime raised tariffs and re-introduced some import bans. (Herbst and Olukoshi, 1994, p. 488).

33. The number of states has increased from four at independence in 1960 to 19 in 1979 and 30 in 1991.

34. Southerners from oil-rich states have complained that oil revenues are being given to others.

35. Lewis (1996*a*) also reports that the state appears to have tolerated or even actively participated in illegal activities such as petroleum and drug trafficking and commercial fraud.

36. Potential "winners" from liberalisation would have been exporters, but they never really emerged because they were often poorly organised or had mixed experiences with reform as liberalisation was combined with cuts in government support. Cocoa farmers initially benefited from higher prices, but the devaluation and the withdrawal of subsidies raised the cost of inputs significantly. This was compounded by a fall in world cocoa prices in 1989-90, which offset some of their gains.

37. After the 1989 riots, the government quickly announced a package of job creation, health and transport subsidies and enhanced food production. Several new institutions were created (the Directorate for Food, Roads and Rural Infrastructure, a network of People's and Community Banks, the Better Life Programme led by the First Lady to promote handicrafts among the poor, especially women) (Lewis, 1996*a*). These programmes were poorly implemented and several had a short life span, so they failed to buy off key interest groups or reduce poverty and were viewed cynically by the population.

38. See Yvonne Tsikata, "What *is* Fundamental? Explaining Recent Movements in the South African Rand", Processed, World Bank Africa Region, July 1997.

39. An association of the unemployed has sprung up. They clearly feel their interests are not being well represented.

40. Organisational fragmentation helps explain why leaders in Latin America do not necessarily have a vision for equitable and pro-poor policies, and encompassing organisations explain why Chile is an exception (Kurt Weyland, "'Growth with Equity' in Chile's New Democracy", *Latin American Research Review*, Vol. 32, No. 1, 1997).

41. Gradualism is not to be confused with a deep-seated reluctance to eventually liberalise, so credibility is important. Tying the path of liberalisation to an external agent (like South Africa did with its GATT Offer) or the existence of an EPZ (as in Mauritius) are clear signals of a country's commitment to liberalisation and bind future policy. This can provide a needed encouragement to investors to invest for exporting.

42. Key winners in the business sector, such as Asians in East Africa or the Lebanese in West Africa, are reluctant to draw attention to themselves for fear of a backlash and so keep a low political profile.

BIBLIOGRAPHY

AJAYI, S. IBI and M. KHAN (2000), *External Debt and Capital Flight in Sub-Saharan Africa*, IMF Institute, Washington, D.C.

APPLETON, S. and F. TEAL (1998), "Human Capital and Economic Development", A background paper prepared for the *African Development Report 1998*.

BATES, R. (1981), *Markets and States in Tropical Africa*, University of California Press, Berkeley, CA.

BATES, R. and S. DEVARAJAN, "Framework Paper on the Political Economy of African Growth", mimeo, World Bank, Washington, D.C.

BEVAN, D., P. COLLIER and J.W. GUNNING (1999), *The Political Economy of Poverty, Equity and Growth: Nigeria and Indonesia*, Published for the World Bank by Oxford University Press, Oxford.

BHINDA, N., S. GRIFFITH-JONES, J. LEAPE and M. MARTIN (1999), *Private Capital Flows to Africa: Perception and Reality*, Forum on Debt and Development, The Hague.

BIGSTEN, A. and S. KAYIZZI-MUGERWA (2000), "The Political Economy of Policy Failure in Zambia", Gothenburg University Working Papers in Economics No. 23, May.

BRAHMBHATT, M. and U. DADUSH (1996), "Disparities in Global Integration", Background paper prepared for *Global Economic Prospects 1996*, World Bank; Washington D.C.

BRATTON, M. and N. VAN DE WALLE (1992), "Towards Governance in Africa: Popular Demand and State Responses," *in* G. HYDEN and M. BRATTON (eds.), *Governance and Politics in Africa*, Lynne Reiner Boulder, CO.

BRAUTIGAM, D. (1999), "The 'Mauritius Miracle': Democracy, Institutions, and Economic Policy", *in* R. JOSEPH (ed.), *State, Conflict, and Democracy in Africa*, Lynne Reiner, Boulder, CO and London.

BRUNO, M., M. RAVALLION and L. SQUIRE (1996), "Equity and Growth in Developing Countries", *Policy Research Working Paper 1563*, World Bank, Washington D.C.

CANAGARAJAH, S., D. MAZUMDAR and XIAO YE (1998), "The Structure and Determinants of Inequality and Poverty Reduction in Ghana, 1988-92", *Policy Research Working Paper 1998*, World Bank, Washington D.C.

CANAGARAJAH, S. and D. MAZUMDAR (1997), "Employment, Labor Markets and Poverty in Ghana", *Policy Research Working Paper 1845*, World Bank, Washington D.C.

CASTRO-LEAL, F., J. DAYTON, L. DEMERY and K. MEHRA (1999), "Public Social Spending in Africa: Do the Poor Benefit?" *The World Bank Research Observer*, 14, 49-72, February.

CHAZAN, N. *et al.* (1999), *Politics and Society in Contemporary Africa*, Lynne Reiner, Boulder, CO.

COLLIER, P., D. GREENAWAY and J.W. GUNNING (1994), "Evaluating Trade Liberalization: A Methodological Framework", paper presented at AERC Conference on *Regional Integration and Trade Liberalization in Sub-Saharan Africa*, Nairobi, December 1993.

CHU, K.-Y., H. DAVOODI and S. GUPTA (2000), "Income Distribution and Tax and Government Social Spending Policies in Developing Countries", *IMF Working Paper WP/00/62*, March.

DAVIES, R. and J. RATTSO (2000), "Zimbabwe: Economic Adjustment, Income Distribution and Trade Liberalization", *Center for Economic Policy Analysis Working Paper Series*, No 1.

DOLLAR, D. (1992), "Outward Oriented Developing Economies *Do* Grow More Rapidly: Evidence from 95 LDCs, 1976-85", *Economic Development and Cultural Change*, Vol. 42, 523-544.

EDWARDS, S. (1998), "Openness, Productivity and Growth: What Do We Really Know?", *Economic Journal*, Vol. 108: 283-398.

FISCHER, B and H. REISEN (1992), *Towards Capital Account Convertibility*, OECD Policy Brief No. 4, Paris.

FORTEZA, A. and M. RAMA (2000), "Labor Market 'Rigidity and the Success of Economic Reforms across more than One Hundred Countries", Paper prepared for the World Bank research project on The Impact of Labor Market Policies and Institutions on Economic Performance.

FRANKEL, J.A. and D. ROEMER (1999), "Does Trade Cause Growth?", *American Economic Review*, Vol. 89: 377-99.

FRIEDEN, J.A. (1991), *Debt, Development and Democracy*, Princeton University Press, Princeton, NJ.

GBESEMETE, K.P and U.G. GERDTHAM (1992), "Determinants of Health Care Expenditures in Africa: A Cross-Sectional Study", *World Development*, Vol. 20: 303-308.

GRAHAM, C. (1994), *Safety Nets, Politics and the Poor*, The Brookings Institution, Washington D.C.

GULHATI, R. and R. NALLARI (1990), *Successful Stabilization and Recovery in Mauritius*, World Bank, Washington, D.C.

HABIB, A. and V. PADAYACHEE (2000), "Economic Policy and Power Relations in South Africa's Transition to Democracy", *World Development*, Vol. 28, No. 2: 245-263.

HERBST, J. (1991), "Labor in Ghana under Structural Adjustment: The Politics of Acquiescence", *in* D. Rothchild (ed.) *The Political Economy of Recovery*, Lynne Rienner, Boulder and London.

HERBST, J. and A. OLUKOSHI (1994), "Economic and Political Reform at Cross Purposes", *in* S. HAGGARD and S.B. WEBB (eds.), *Voting for Reform: Democracy, Political Liberalization, and Economic Adjustment*, Oxford University Press, New York and London.

HYDEN, G. (1992), "Governance and the Study of Politics", *in Governance and Politics in Africa*, G. HYDEN and M. BRATTON (eds.), Lynne Reiner, Boulder, CO.

IHONVBERE, J.O. (1993), "Economic Crisis, Structural Adjustment and Social Crisis in Nigeria", *World Development*, Vol. 21, No. 1.

ILO (1999), *Skills and Change: A Synthesis of Findings of a Multi-Country Study of Vocational Education and Training Reforms*, ILO, Geneva.

KA, S. and N. VAN DE WALLE (1994), "Senegal: Stalled Reform in a Dominant Party System" *in* S. HAGGARD and S.B. WEBB (eds.), *Voting for Reform: Democracy, Political Liberalization, and Economic Adjustment*, Oxford University Press, New York and London.

KAUFMAN, R. and S. HAGGARD (1995), *The Political Economy of Democratic Transitions*, Princeton University Press, Princeton.

KAYIZZI-MUGERWA, S. (2000), "Globalisation, Growth and Income Inequality: The African Experience," Paper given at the OECD conference on Poverty and Income Inequality in Developing Countries, Paris.

LEITH, J. CLARK and M. LOFCHIE (1993), "The Political Economy of Structural Adjustment in Ghana", *in* R. BATES and A. KRUEGER (eds.) *Political and Economic Interactions in Economic Policy Reform*, Blackwell, Oxford and Cambridge, MA.

LEWIS, P. (1996*a*), "From Prebendalism to Predation: the Political Economy of Decline in Nigeria", *Journal of Modern African Studies*, Vol. 34, No. 1: 79-103.

LEWIS, P. (1996*b*), "Economic Reform and Political Transition in Africa: The Quest for a Politics of Development", *World Politics*, Vol. 49: 92-129.

MARC, A., C. GRAHAM, M. SCHACTER and M. SCHMIDT (1995), "Social Action Programs and Social Funds: A Review of Design and Implementation in Sub-Saharan Africa", *World Bank Discussion Paper*, No. 274.

MARTIN, M. (1993), "Neither Phoenix nor Icarus: Negotiating Economic Reform in Ghana and Zambia, 1983-1993" *in* T. CALLAGHY and J. RAVENHILL (eds.) *Hemmed in: Responses to Africa's Economic Decline*, Columbia University Press, New York.

MILNER, C. and P.W. WRIGHT (1998), "Modelling Labour Market Adjustment to Trade Liberalisation in an Industrialising Country", *Economic Journal*, Vol. 108: 509-528.

MORRISSEY, O. and N. RUDAHERANWA (1998), "Ugandan Trade Policy and Export Performance in the 1990s", Centre for Research in Economic Development and International Trade, *CREDIT Research Paper* No. 98/12: 1-12.

NATTRASS, N. and J. SEEKING (2000), "Globalisation and Inequality in South Africa", Paper prepared for the OECD conference on Poverty and Income Inequality in Developing Countries, Paris.

NUGENT, Paul (1999), "Living in the Past: Urban, Rural and Ethnic Themes in the 1992 and 1996 Elections in Ghana", *Journal of Modern African Studies*, Vol. 37, No. 2: 287-319.

OYEJIDE, A., B. NDULU and J.W. GUNNING (eds.) (1999), *Regional Integration and Trade Liberalization in Sub-Saharan Africa*, Vol. 2, Macmillan, London.

OYOWE, A. (1996), "Brain Drain: Colossal Loss of Investments for Developing Countries", *Courier*, No. 159: 59-60.

PETERS, D.H., K. KANDOLA, A.E. ELMENDORF and G. CHELLERAJ (1999), "Health Expenditures, Services, and Outcomes in Africa: Basic Data and Cross-National Comparisons, 1990-96", *Health, Nutrition, and Population Publication Series*, World Bank, Washington, D.C.

RAKNER, L. and T. SKALNES (1996), "Political Institutions and Economic Reform: Zambia and South Africa in Economic Context", *Chr. Michaelsen Institute Working Papers*, WP 1996: 6.

RAKNER, L., N. VAN DE WALLE and D. MULAISHO (forthcoming), "Aid and Reform in Zambia" *in Aid and Reforms in Africa*, D. DOLLAR, T. HOLMGREN and S. DEVARAJAN (eds.), Oxford University Press, London and New York.

RODRIK, D. (1998), "Why is Trade Reform so Difficult in Africa?", *Journal of African Economies*, Vol. 7, Supplement 1: 43-69.

RODRIGUEZ, F. and D. RODRIK (1999), "Trade Policy and Economic Growth: A Skeptic's Guide to the Cross-National Evidence", CEPR Discussion Papers Series, No. 2413.

ROGOWSKI, R. (1989), *Commerce and Coalitions: How Trade Affects Domestic Political Alignments*, Princeton University Press, Princeton.

SACHS, J. and A. WARNER (1995) "Economic Reform and the Process of Global Integration", *Brookings Papers on Economic Activity,* 1: 1-118.

SHARER, R. (1998), "Trade Liberalization in Fund-Supported Programs", *World Economic and Financial Surveys*, International Monetary Fund, Washington, D.C.

SHATZ, H. and D. TARR (2000), "Exchange Rate Overvaluation and Trade Protection: Lessons from Experience," *Policy Research Working Paper 2289*, World Bank, Washington D.C., February.

SUBBARAO, K., A. BONNERJEE, J. BRAITHWAITE, S. CARVALHO, K. EZEMENARI, C. GRAHAM and A. THOMPSON (1997), *Safety Net Programs and Poverty Reduction: Lessons from Cross-Country Experience*, World Bank, Washington, D.C.

TEAL, F. (2000), "Private Sector Wages and Poverty in Ghana: 1988-98", *Centre for the Study of African Economies Working Paper Series*, No. WPS/2000-6: 1-22.

TSIKATA, Y. (1999), "Trade Liberalization and Performance in South Africa", Informal Discussion Papers on Aspects of the South African Economy, No. 13, World Bank, Washington, D.C.

TSIKATA, Y. (forthcoming), "Aid and Reform in Ghana", *in Aid and Reforms in Africa*, D. DOLLAR, T. HOLMGREN and S. DEVARAJAN (eds.), Oxford University Press, London and New York.

VAN DE WALLE, N. (1998), *Economic Globalization and Political Stability in Developing Countries*, Rockefeller Brothers Fund, Inc., New York, N.Y.

VAN DE WALLE, N. (1999), "Globalization and African Democracy", *in* R. JOSEPH (ed.), *State, Conflict and Democracy in Africa*, Lynne Reiner, Boulder, CO and London.

WIDENER, J. (ed.) (1994), *Economic Change and Political Liberalization in Sub-Saharan Africa*, Johns Hopkins University Press, Baltimore and London:.

WINTERS, L.A. (2000*a*), "Trade Liberalization and Poverty", Discussion Paper No. 7, Poverty Research Unit, University of Sussex, UK.

WINTERS, L.A. (2000*b*), "Trade, Trade Policy What are the Links?", Discussion Paper No. 2382, Centre for Economic Policy Research, London.

WOOD, A. (1995), "How Trade Hurts the Unskilled Worker", *Journal of Economic Perspectives*, Vol. 9, No. 4: 785-816, October.