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Economic Restructuring, Coping Strategies and Social Change: Implications for Institutional Development in Africa

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Preface

The Institute has been conducting research on Crisis, Adjustment and Social Change in a number of African and Latin American countries since 1990. This research, which is being carried out by national multi-disciplinary teams, aims to explore the impact of economic crisis and adjustment on livelihood, coping strategies, social institutions and power relations among different social groups. This paper, drawing upon the research underway in Africa, attempts to relate economic restructuring and emerging livelihood strategies to problems of institutional development.

The first part of the paper reviews discussions on structural adjustment and institutional perspectives, highlighting why a focus on institutions and social relations is important in the study of African economies in distress. The next two sections discuss coping strategies and issues of social change, and attempt to develop a framework that relates the crisis in social relations with problems of institutionalization. The last section takes up the analytical and policy questions of institutional reform, and outlines issues that would need to be addressed in mapping out alternative strategies of development.

Two key contradictions would seem to explain why institutions have been relatively ineffective in managing the economic and social crisis in Africa. First, there is a growing contradiction between the interests of bureaucratic actors and the goals they are supposed to defend. The second contradiction is between the institutional set-up itself and the wider society. To understand the working of these contradictions, it is necessary to look more closely at the sets of values and relationships that anchor institutions in social systems. The paper explores these issues through an analysis of the coping or survival strategies of different social groups. The characteristic response to economic crisis and insecurity by most groups has been to pursue multiple survival strategies. Farmers, workers, state employees, informal sector operators — even some professional and academic personnel — have sought to counter declining and insecure incomes through diversification of their economic activities.

The economic crisis and the livelihood strategies adopted by different groups have had four consequences which are relevant for this inquiry: economic polarization, multiple social identities, truncated modernization and stalemate in the configuration of political power. These in turn have contributed to social tensions; divided loyalties; erosion of work place identities; loss of legitimacy for the state; search for security in religious, traditional and ethnic movements; and lack of a broad alliance of political forces behind economic reform.

The institutional reforms that have been attempted — retrenchment of state activities, privatization of enterprises and encouragement of NGOs — have had limited success in restoring growth, arresting social conflicts and promoting political stability. The paper argues that strategies aimed at supporting a process of institutionalization that would lead to effective rules, predictable transactions and viable incentives for institutional actors would need to address three main issues. The first concerns questions of livelihood, social polarization and multiple identities. The second relates to the role of culture in social development and institution-building. The third issue concerns the role of social forces in disciplining institutions. The paper sets out policy implications of required changes in each of these three areas.

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Introduction

Prospects for sustainable growth and improved levels of living appear slim in most African countries as they advance into their second decade of structural adjustment. Much of the optimism that accompanied the introduction of the reforms in the 1980s has given way to profound scepticism about the correctness of the approach that has been adopted for dealing with economies like Africa's, which have weak institutional foundations, and which face increasing marginalization in the world market. Recent estimates of weighted average GDP growth rates for 44 African countries suggest that, at best, only a modest growth of about 2.5 per cent — less than the average rate of population growth — occurred between 1980 and 1991; and that no significant differences exist between the growth rates of 1980-1985, when the programmes were in their infancy, and 1985-1991, the period when the reforms were expected to yield greater positive results. Furthermore, countries which were believed to have applied the reform measures much more comprehensively — "the strong adjusters" — have not performed better than those which have experienced considerable slippage, the so-called "weak adjusters" (Mosley and Weeks, 1993).

The economic crisis is, of course, very complex, as it has affected all strata and sectors of society and has been compounded, in some cases, by civil strife and environmental pressures. Despite the influence of several inter-locking factors in shaping the dynamics of the crisis, concerted attempts were made in the 1980s to tackle it from a single market-oriented policy framework. During this period, African governments lost effective control over economic policy-making to the international financial institutions, after having enjoyed relative autonomy in this area for only about two decades since independence from colonial rule. Estimates indicate that a total of 241 World Bank/International Monetary Fund structural adjustment programmes were initiated by African governments between 1980 and 1989 (Jespersen, 1992). By the end of the 1980s, only 8 African countries had not reached an agreement with these institutions, despite the relatively strong influence of Bank/Fund ideas in their development strategies. What is responsible for the poor economic record and how can it be remedied?

When confronted with evidence of negative economic performance in countries undergoing liberalization and restructuring, the international financial institutions often blame governments for not taking the reforms seriously enough or point to the lack of political will in regulating the activities of corrupt or inefficient bureaucrats and vested interests. Once issues of "lack of seriousness", "political will", "bureaucratic corruption" and "vested interests" are raised, it means that institutional issues are at work and need to be explained if we are to understand the problems of adjustment and economic development. This paper seeks to focus the discussion on the social and political dimensions of the economic reforms and their implications for institutional development, drawing substantially from research work on adjustment and social change sponsored by the United Nations Research Institute for Social Development (UNRISD). The institutional issues we are concerned with relate to the capacity of state systems and interest group organizations to regulate social behaviour. Institutions are important for strategies of economic development, and knowledge of changes in social relations is a prerequisite for understanding institutional reforms. We define institutions as a bundle of rules in social relations which structure behaviour in fairly predictable ways. As systems of rules and regulations, institutions are a sub-set of social relations. Rules are necessary for predictable transactions, but profound changes in social relations may affect ultimately the way the rules operate.

Public institutions seek to project universal rules and regulations, establish clearly defined and predictable roles for actors to facilitate routine implementation of tasks, and develop a rational structure of incentives and sanctions to ensure institutional loyalty. The main problem is that

these institutional goals have been largely ineffective in most African countries since the 1980s. A standard response by policy advisers has been to exhort leaders to get tough with bureaucrats and social actors who undermine public policies: more discipline, more probes, more policing. They recommend policies aimed at restructuring the public institutions themselves through privatization, decentralization, public expenditure cuts, retrenchment and new structures of incentives to make the state leaner and fitter.

Despite efforts at implementing these draconian measures in a number of countries, the problems of low institutional capacity remain. Two key contradictions would seem to explain why institutions have been largely ineffective in crisis economies in Africa: the first is the growing contradiction between the interests of bureaucratic actors and the goals they are supposed to defend, and the second is the contradiction between the institutional set-up itself and what goes on in the wider society. To understand the way these contradictions work, there is need to look more closely at the sets of values and relationships that anchor institutions on social systems. These are concerned with issues of social cohesion and compromise, institutional socialization and loyalties, over-arching sets of values, and political authority to enforce rules and regulations. The crises in these four areas of social relations, which are, in turn, linked to the ways households and groups have coped with recession and restructuring, have altered Africa’s state institutions in ways that make it difficult to carry out meaningful development programmes and public sector reforms without addressing the social relations themselves.

The first part of the paper reviews discussions on structural adjustment and institutional perspectives, highlighting why a focus on institutions and social relations is important in the study of African economies in distress. The next two sections discuss coping strategies and issues of social change, and attempt to develop a framework that links issues relating to the crisis in social relations with those associated with problems of institutionalization. The last section returns to the analytical and policy questions of institutional reform, and outlines issues that would need to be addressed in mapping out alternative strategies of development.

Structural Adjustment, Social Relations and Institutions

The major assumptions of neo-classical theory have been criticized from three main perspectives: their perception of individuals as self-interested utility maximizers; their under-socialized conceptions of individual behaviour in which social relations are insignificant in making choices; and their belief in the power of the market to provide individuals with accurate information to enable them make rational decisions (Etzioni, 1990; Granovetter, 1992). Institutions play a subordinate or invisible role in these assumptions. In the context of adjustment, it was assumed by neo-classical economic theorists that trade-based beneficiaries, such as export-oriented farmers and manufacturers, would positively respond to market signals and defend the reforms without any special institutional support from the state.

Subsequent experiences with reforms in a number of countries were to cast doubt on these under-institutionalized assumptions, leading to a host of political science studies on ways of making the reforms politically sustainable, largely through coalition-building techniques and administratively designed resource support schemes (Nelson, 1989). These approaches took the institutional context as given in analysing the social and political strategies necessary for supporting economic change. They showed how reforms could be blocked by powerful “rent-losing” élites, including low income urban populations, and why spatially dispersed peasant farmers could not be expected to offer effective support to the reforms, despite their situational positions as potential winners. However, the studies did not take into account ways in which livelihood responses and changes in structures of opportunities affected the institutional contexts in which strategies of resistance and pro-reform alliance politics were being pursued.

In the field of economics itself, significant efforts were underway at the same time to correct the weak institutional foundations of the neo-classical paradigm through work that focused specifically on how institutions develop as a response to solving efficiency problems (Williamson, 1985; North, 1990). The assumption that information is perfect — and that individuals not only have equal access to it but that they can make rational decisions that are unaffected by social and cultural influences — was questioned. It was pointed out that unregulated market transactions may produce chaotic outcomes because individuals have a propensity to cheat or engage in acts of wrongdoing as they struggle to secure advantages. The market, in other words, is devoid of trust and solidarity. In this new institutional economics perspective, institutions, acting through their governance structures or regulations, are seen as specifically oriented towards solving problems of opportunism and malfeasance by reducing the potentially huge costs of quality control, reliability of employees and contract enforcement that are likely to confront economic agents if they are to be engaged in repetitive open market transactions. This approach did not challenge the neo-classical assumption of rational utility maximization and its focus on the individual in explaining economic behaviour. But the emphasis it placed upon transaction costs and imperfect information, and the low efficiency scores it accorded to collective endeavours (Williamson, 1985:229), with their assumed "free-rider" problems, kindled a new wave of research on institutional constraints in economic reform. For instance, the perspective of information constraints informs some of the theoretical work on why African peasant women have been less responsive to market incentives to relocate from relatively low paying food crop activities to high income export crop sectors (Lockwood, 1992). Also, the generally unimpressive record of agricultural production, despite consistent efforts in raising farm prices, has encouraged fresh research initiatives on rural institutions and possibilities of promoting an NGO sector that may overcome the institutional problems of states and markets (Brett, 1993; Uphoff, 1993).

Significantly, the insights of transaction costs are also being felt in areas concerned with the reform of African state systems (Leonard, 1993; Eggartsson, 1990). The high costs of entry into national markets associated with rent seeking activities, and the erosion of authority relations in state bureaucracies as a result of their massive penetration by private interests, could be said to have raised the costs of economic transactions in such countries and complicated the prospects for successful adjustment. Although the new institutional approach is useful in understanding how private enterprises create new organizational arrangements to overcome costs and uncertainties, it seems doubtful whether it can be applied with the same level of rigour to state sectors that are driven by a multiplicity of interests in which key decision-making actors are not always interested in promoting efficiency (Williamson, 1985; Granovetter, 1992; Bardhan, 1989). In this regard, one could interpret recent institutional reform efforts by the World Bank as an attempt to substitute Bank staff for the perceived lack of committed individuals or social groups in pushing for efficiency in African state systems.

We have, then, the emergence of an institutional perspective that is likely to have a strong influence on development thinking and policies. This perspective, as is the case also with many public administration approaches, sees institutional arrangements as an independent variable in shaping decisions and economic behaviour. Institutional reforms can be implemented by focusing almost exclusively on the internal structures of organizations, viz. those relating to contracts; the structure of incentives and sanctions in the pursuit of organizational goals; the nature of institutional hierarchies, including role allocations and supervisory mechanisms; the elimination of waste in overhead costs; and the devolution of authority to lower levels of operations. These issues are important and need to be tackled if institutions are to function properly in any social system. The persistence of institutional inefficiency in many crisis economies that have attempted such reforms underscores, however, the limitations of this approach and the need to look more closely at the social relations that govern behaviour within institutions and in the wider society.

Recent work in economic sociology offers a useful framework for analysing the links between social relations, institutions and economic behaviour (Granovetter, 1992; Portes and Sensenbrenner, 1993; Baker, 1990). Neo-institutionalists have been criticized for their functionalist assumptions that institutions which survive are invariably the ones that are efficient, ignoring issues of power in the defence of inefficient arrangements. They have been criticized also for ignoring questions of bureaucratic inertia, in which current actors benefit from inefficiency and continue to use institutions created by their predecessors even if they are no longer effective in solving bureaucratic tasks. Granovetter points out how organizational decisions and efficiency are often influenced not so much by formal governance structures but by personal or social relations within firms; and that social relations are important in regulating economic action irrespective of whether transactions take place within organizations or in the open market, and that these social relations play a powerful role in checking opportunism and malfeasance. The key concept in this attempt to reaffirm classical sociological and political economy approaches to the study of institutions and economic development is that of embeddedness: institutions and economic actions are rooted in a complex of social relations, which ought to be studied in order to gain a rich understanding of the character of institutions and their impact on development. This is especially relevant in the case of Africa where economic contraction has revealed personal relations, traditional values and networking as crucial to survival and accumulation strategies.

Economic Vulnerability and Coping Strategies

Our starting point for understanding changes in Africa's social relations is the subject of coping strategies. We understand by coping strategies the ways ordinary individuals and households organize themselves to make a living. These are largely influenced by the way individuals and groups are structured in society; their cultural values, belief systems and social networks, including their ability to mobilize family resources; the skills, assets and political connections at their disposal; the types of jobs they do; their gender; and personal motivations. This range of possible determinants makes it difficult to talk about a unified response to changing opportunities, underscoring a need always to differentiate and classify individuals in as many ways as possible. Groups dependent on fixed incomes, such as industrial workers and state employees, are likely to pay much more attention to wages, social benefits and employment contracts than peasants and informal artisans, whose primary concern may be to improve market arrangements, prices, input and labour supplies, credit facilities and land availability. And employers of labour may be concerned with wage costs, social overheads, labour contracts, market opportunities and input supplies. The range of situational contexts also demonstrates a need to examine both individual and collective responses as the two are not always the same even for individuals in the same job situation and cultural milieu. Workers in export industries, whose real wages may have firmed up as result of company gains associated with devaluation, may behave differently from those in import-substituting industries, whose incomes may have fallen drastically as companies pass on part of the costs associated with devaluation to the work force. And within both types of industries, individual workers may have different types of social networks and motivations that may influence how they respond to incentives, or the lack of them. These different sources of livelihood responses underscore the point that price stimulants may not always be decisive in influencing economic behaviour in many contexts where agents have to weigh in other considerations. Indeed, markets are always intertwined with a complex of social and political relations, producing a multiplicity of markets, rather than the idealized, abstract market found in much of the adjustment literature (Hewitt de Alcántara).

Our treatment of the issues will be largely illustrative of the complexities of coping responses as they have affected social relations. Crisis and coping strategies obviously vary among and within countries and it is difficult to make generalizations that would apply for the whole continent. For instance, in some countries where top level salaries have not been extensively

eroded, such as Côte d'Ivoire, Senegal and Togo (before the devaluation of the CFA franc), Lesotho, Swaziland and Zimbabwe, formal sector employees have not faced the same kinds of pressures for income diversification as their counterparts in other countries, although new formal employment opportunities seem to have dried up. Strategies of groups in farming sectors and informal enterprises also vary across and within countries to render generalizations difficult. They may vary, for instance, between countries with relatively large-scale plantation or capitalist agriculture, such as Kenya, Zambia and Zimbabwe, and those with predominantly peasant producers, such as Sierra Leone, Tanzania and Uganda. There may also be differences in coping strategies among different sets of farmers in semi-arid countries of the Sahel and those in countries where the land frontier has not been exhausted, such as Angola, Cameroon, Guinea, Sierra Leone and Zaire. We make no attempt, however, to carry out a detailed desegregated country analysis as our main objective is to capture general trends, which may be present to varying degrees in most countries.

The key coping strategy we seek to highlight relates to changes in the portfolio of income-generating activities, otherwise called **multiple survival strategies**. This refers to the tendency of agents or households to diversify sources of income as single activities prove insufficient to sustain livelihoods. Diversification strategies include migration, subsistence, remunerative work on commission or wage basis, and self-employment in farming and urban informal activities. They involve participation in a range of economic activities and social networks, and the balancing of individual and collective interests in ways that challenge conventional rules and relationships. The dramatic increase in such strategies in the 1980s stems from economic vulnerability and declining levels of expectations, and affects all income groups, including business entrepreneurs. For wage sector groups, sharp declines in real wages and social benefits, growing casualization of the work force, periodic compulsory leaves and threats of unemployment act as catalysts to diversify employment and income sources. For peasant farmers, problems of food security related to rising inflation, shortages, ecological problems and input/infrastructural costs continue to act as pressures to diversify cropping systems and to resort to or expand off-farm operations. For informal sector artisans, large migrations of formal sector workers into the informal sector have increased competition and added pressures to diversify operations. And for many industrialists, market uncertainties, high interest rates, rising import costs and shortages of raw materials have led to new accumulation strategies involving informalization of some production activities and work relations. In order to grasp the range of situational contexts among different types of groups, we examine the dynamics of these processes in three key areas: the farming, informal and urban labouring sectors.

No single pattern of adjustment has emerged in the farming sector, given the varieties of pre-reform development strategies across countries, the different ways in which market policies were implemented in the agricultural sector, and the differing cropping systems and climatic conditions (Meagher, 1991; Gibbon et al., 1993; Mosley and Smith, 1989; Demery and Addison, 1987). Farmers in export sectors where markets have been liberalized seem to have done better than those in food crop sectors, although both have been seriously hit by rising input costs associated with subsidy withdrawal, devaluation and erosion of infrastructural and technical support. An UNRISD study provides evidence of rising incomes and revived accumulation among all categories of farmers in the Nigerian cocoa economy, even though prospects for sustainability may be undermined by continued low international prices and demand, escalating input costs, ageing trees and ecological problems (Mustapha, 1992). Similar conclusions have been reached for cocoa farmers in Ghana, who were among the early beneficiaries of structural adjustment but whose real incomes have fallen in recent years as a result of setbacks in world demand and prices, and increased production costs (Sarris and Shams, 1991; Jacobeit,1991). In countries where export crop marketing arrangements have not been fully liberalized, as in Tanzania, gains associated with the reforms have been concentrated in the less regulated food crop sector, although studies suggest strong favourable

weather conditions, availability of consumer goods and possibly lower opportunities in off-farm activities as among the major reasons for the improvement (Havnevik, 1993; Gibbon et al., 1993). Farmers in countries where there has been some diversification from controlled staple food crops (such as maize in Zambia) to export crops such as wheat, soyabeans, cotton and horticultural products, seem also to have done relatively better than those in regulated food crop sectors — who are often smallholders.

As most of the gains in agriculture are associated with the export sector, it is worth stressing the point that export crop farmers constitute a minority in most farming populations in Africa. This is the case even in countries with a long history of export crop development, such as Nigeria and Ghana, where it is reckoned that about 80 per cent of the farmers are either food or non-export crop producers (Meagher, 1991; Weissman, 1990; Pearce, 1992; Sarris and Shams, 1991). Furthermore, a substantial percentage of smallholders, in some countries rising up to 50 per cent or more, are net food buyers, and their levels of living have been negatively affected by upward adjustments in food prices (Meagher, 1991; Pearce, 1992; Loxley, 1990). An empirical study in two northern Nigerian villages shows the extreme vulnerability of smallholders to price changes. Because of storage and income constraints, smallholders are forced to sell their products early when prices are low and to buy their food requirements late when prices are likely to be very high (Meagher, 1991). There are reports of land pledging and crop mortgaging by smallholders to rich farmers, because the latter have the financial resources and storage facilities to support large-scale production.

Economic pressures on smallholders have reinforced, therefore, the multiple survival strategies that were already an integral part of farming life in most food crop sectors in Africa. Concerns for food security have also acted as a constraint on high income farmers who would have preferred to specialize exclusively on export crops (Mustapha, 1993; Berry, 1985). Data for Tanzania indicate that about 25 per cent of smallholders' income is derived from off-farm work (Sahn and Sarris, 1991; Havnevik, 1993). Nigerian smallholders earn more than half of their incomes from off-farm activities, with the figure rising to between 60 and 85 per cent in some food deficit areas. Many such farmers use incomes earned from off-farm activities to procure basic inputs for their farming activities. Even in the export sector, where nominal incomes have been very high, about 25 per cent of all categories of farmers continue to depend on off-farm incomes for survival and accumulation (Mustapha, 1993). The choice of off-farm activities is a function of social differentiation and gender differences, with smallholders concentrating on the increasingly competitive lower ends of informal activities such as hawking, load carrying, wood collecting, weaving and barbing services; and rich peasants focusing on more remunerative activities requiring higher levels of skills, risk taking and capital: repair work, tailoring, cross-border produce trade and medium-level commerce (Meagher, 1991; Mustapha, 1992). Women of all categories are reported to be worse off in diversification strategies because of traditional household responsibilities, inequalities in land ownership and rights, differential access to labour, and gender ideologies discouraging participation in some of the high paying off-farm jobs.

A similar pattern of diversification and differential response to economic vulnerability can be observed in the rapidly expanding informal sector. Neo-liberal theory is less categorical about the positive effects of market reforms on the informal sector given the differentiated character of informal enterprises, particularly as they relate to input and output product use. However, adjustment policy itself treats the informal sector in more positive terms because of political imperatives of resettling retrenched workers in remunerated work (World Bank, 1989). Several UNRISD studies of informal sector coping strategies in Nigeria and Zambia underscore the highly differentiated character of informal enterprises and the varied forms of multiple income-generating strategies. Enterprises involving high levels of skills or capital outlays — such as transportation, metal fabrication, small-scale manufacturing, tailoring and photography — have been relatively shielded from competition, and their owners seem to be

making substantial profits. A study on small-scale manufacturing enterprises in eastern Nigeria records new investments in land and equipment and rising levels of incomes among most operators (Dike, 1992). Studies on successful informal enterprises indicate that most entrepreneurs had bought their operating machines before the reforms. They have also developed networks of social support, such as the pooling of resources for electricity generation and transportation of commodities, mechanisms for extending credit facilities to members, and solidarity support in situations of harassment by local governments or the police. The rising costs of imported goods associated with devaluation and a search for local alternatives by consumers have also contributed to their success. Middle class groups, whose living standards have been eroded, are reported in most countries to be entering the informal sector on a large scale. These groups often have the better education, technical skills and political connections which are useful in establishing flourishing enterprises. In Zambia and Nigeria they have taken advantage of special credit facilities allocated to the informal sector to launch more sophisticated services for middle class consumers, many of whom had previously patronized traditional informal agents who now lack the resources to operate such services or to upgrade them to meet changing middle class tastes (Meagher and Bello-Mohammed, 1993; Chiwele, 1993). Even for this category of better-off informal agents, however, there are serious supply and demand constraints relating to declines in national incomes and rising costs of raw materials and capital equipment which are likely to affect profits in the long run.

Much of the competition and stress in the informal sector is concentrated at the lower end of operations, where incomes are generally low, and activities are oriented mainly towards survival. Most informal sector agents are trapped at this basic level of survival. A Nigeria study records trends towards new forms of ownership relations emerging as a result of pressures on low income groups. Low income agents are being transformed into commission workers, and there is an emerging patron-client network between small-scale informals and more successful service agents, organized around the use of high cost equipment and technical knowledge (Meagher and Bello-Mohammed, 1993). The majority of informal sector agents are under pressure, therefore, to diversify their sources of income. Estimates for the Nigerian town of Zaria indicate that 67 per cent of low income informals are engaged in at least a second low income activity, such as farming or petty trading (Meagher and Bello-Mohammed, 1993). The data suggest that some low income informals who had in the past combined farming with informal sector work are being forced by competition and lack of operating capital to revert back to subsistence farming. Roughly half of high income entrepreneurs in the Zaria study pursue at least one secondary activity. The pursuit of multiple activities is more prevalent in the more lucrative informal small-scale manufacturing sector in eastern Nigeria, where diversification of investment tends to be the norm. The data suggest that most entrepreneurs are anxious to spread their risks because of uncertainties in the economic environment. In the Nigerian towns of Aba and Nnewi, sixty per cent of the entrepreneurs sampled have diversified their investments into farming, trading, transport, real estate, restaurant services and land purchases — all high income activities (Dike, 1992).

Household strategies have been central to the diversification of income sources among all groups. In this case, diversification involves not just the expansion of the activities of an entrepreneur, but also those of other members of his/her household, including spouses, children and dependants. Historically, female participation in remunerated work was relatively low in East and Southern Africa, as compared to West Africa, where the informal sector, and women's participation in it, was central to the subsidizing of industrial wages. Zambian national household survey data indicate a rapid increase in female participation in informal sector activities, from 46 per cent in 1980 to 57 per cent in 1986, and a ninefold increase in the 12-14 year age group working in the informal sector for the same period (Chiwele, 1993). Women in Zambia tend to concentrate on a range of low income activities, such as selling street food and collecting vegetables, which do not provide a basis for savings

and enrichment. The Zaria study also indicates an increase in the proportion of women doing low income informal jobs, including Islamic women in seclusion, who increasingly are being employed to do tedious jobs like traditional cap and gown cleaning for very low monetary returns (Meagher, 1991). However, informal women's groups in the south of Nigeria have been engaged in relatively high income trading activities involving, in some cases, long distance trade within and out of the country, lucrative fashion design and restaurant services. The Zaria study provides interesting evidence on correlations between household size, number of incomes per household and income strategies of different groups. Low income informal households with an average household size of 8.5 are reported to have raised their average number of incomes by 55 per cent since the reform programme started. Commercial groups, with an average of 12.1 household members have raised household incomes by 75 per cent. Formal wage earning groups with an average household size of 10.3 have increased their average number of incomes by 56 per cent. By contrast, the high income informal households with the lowest average household size (6.2) have increased their average number of incomes by only 36 per cent, indicating an intensive income maximization strategy.

It is among the industrial labouring classes that the phenomenon of multiple coping strategies has been most dramatic, given workers' attempts in the pre-crisis period to pursue a strategy of defending a "living wage". Studies on Nigerian labour highlight a progressive proletarianization of the work force in the period of the oil boom, when, as a result of increases in real wages, workers began to settle down to a life of full proletarians and disengage from strategies involving straddling factory work and farming/petty trading activities (Mustapha, 1992; Lubeck, 1986). Zambia studies confirm a similar picture, where the copper boom of the 1960s and early 1970s strengthened the trade union movement, which was able to protect real wages and social benefits, giving rise to a high level of urban family dependence on the wage (Chiwele, 1993; Simutanyi, 1993; Bates, 1971; Jamal, 1993). The co-optation into government of the trade union movement in countries like Côte d'Ivoire, Senegal, Tanzania and Cameroon has been linked to state/private sector commitments to pay survival wages and salaries. Indeed, the gains made by industrial workers in wages and social benefits in the early period of independence were seen by reform advocates as having resulted in a "labour aristocracy". In the eyes of such advocates, such an aristocracy constituted a legitimate target of attack in reversing rural-urban terms of trade (Bates, 1981; World Bank, 1981; Jamal, 1993; Bangura and Beckman, 1991).

Recent ILO studies on African employment and incomes collected in the **African Employment Report** indicate that many of these assumed advantages were seriously reversed in the 1980s. In one study of 28 countries for which data were available, 27 showed considerable declines in real wages (30 per cent on average) in the 1980s. The real minimum wage fell by 20 per cent during the same period. Public sector wages fell faster than those in the private sector (ILO-JASPA, 1990). The share of wages and salaries in total public expenditure declined by about 14 per cent in a period of just over seven years during the 1980s (Robinson, 1990). Furthermore, there has been a sharp trend towards a compression of salaries and wages in a number of countries as wages lose their significance in the political economy. The study by ILO-JASPA of real starting salaries found that they fell in all 14 countries surveyed, and that the lowest and highest grades narrowed considerably over a ten-year period in 11 out of 17 countries surveyed (ILO-JASPA, 1990:35-36). Unemployment data for 11 countries, with roughly 60 per cent of the sub-Saharan population, average about 20 per cent; and the proportion of formal wage employees has drastically declined in relation to both the urban and national labour force (Jamal, 1993). Estimates for Sierra Leone, Tanzania and Zambia indicate that wage employees now constitute on average only about 16 per cent of the urban labour force (Jamal, 1993). Formal wage employees are not only a minority even in a highly urbanized country like Zambia, but the incomes and social benefits that accrue to them have dropped dramatically; annual incomes in many countries are hardly sufficient to support one or two weeks of subsistence (Chew, 1990). On top of this, workers

have been made the victims of management strategies of casualization that have become prevalent among a number of private industries which seek to reduce their overhead costs, or match labour costs to the availability of raw materials and spare parts (Olukoshi, 1992; Abdullah, 1991; Simutanyi, 1993; Andrae and Beckman, 1985; Bangura and Beckman, 1991).

Wage employees have thus invaded the informal and farming sectors to a significant extent. Their response to the crisis constitutes the most significant source of competition to traditional low income informals because of the lines of activities wage employees get drawn into: urban farming, petty trading, small-scale transportation, load carrying, food vending, and repair work. Many of their farming activities are for subsistence and seem to be done mostly by workers in cities that are surrounded by farm land. Transport costs act as barriers to any meaningful form of rural farming. Skilled workers, such as those in vehicle assembly plants and those handling electrical, welding, plumbing, repair and typing activities, have been able to combine formal employment with part time work involving the application of their skills. Successful workers in these trades have opted to forgo overtime or weekend work in order to maximize the time spent in private businesses. In some cases, this has led to conflicts with management, especially during peak periods when employers are keen to make full use of their workers' labour time. Some studies indicate an increase in the diversion of labour time and equipment to private work and a rise in industrial cases relating to dismissals (Simutanyi, 1993; Mukandala, 1994). In some cases, staying on a job is much more important than receiving the wage that goes with the job, since the job may allow a worker to use enterprise facilities, access resources or build contacts. Absenteeism and shirking are more prevalent among public sector workers than private sector ones because of more stringent monitoring in the latter. However, high rates of casualization in the private sector exert pressures on private sector workers to pursue alternative options in the informal sector. Because of their low educational backgrounds and overwhelming location on the production line, doing work that does not require any special type of skills, women have experienced higher levels of retrenchment than men in the private sector enterprises that have been studied. Their subordinate positions in industry and low levels of participation in trade unions have further increased their vulnerability in the period of crisis. Data from a Nigeria study capture these trends, and indicate that despite the growing proletarian consciousness among sections of female workers, more than 40 per cent of them still look forward to fully relocating to the informal sector where they believe they will be in control of their own lives and businesses (Abdullah, 1991).

These fundamental shifts in African coping strategies have been the subject of some theorizing in the adjustment literature in recent years, with Jamal's being among the most perceptive (Jamal, 1993; Jamal and Weeks, 1993). Jamal links Africa's failure to conform to orthodox prescriptions of adjustment with changes in the structure of its labour market: rural activities have become fused with urban ones within African extended family systems, thus immunizing both rural and urban households from the anticipated shocks of price changes. The implication of this argument is that urban workers no longer behave differently from their rural counterparts, as they both produce the same kinds of goods and services. Therefore, the terms of trade which the reform programmes have sought to correct have been internalized within extended family households who straddle rural-urban and formal-informal divisions. The two classic divisions that formed the basis for theorizing how groups and households are likely to benefit or lose from adjustment have thus become meaningless. This view is perceptive, and in some ways original. It no doubt aids our understanding of what could happen to Africa's economies if the majority of its households in urban and rural areas were exposed to the same types of employment activities and incomes. But the main question is whether this has happened to the extent suggested by Jamal's analysis. There is a tendency to assume an equalization of opportunities across households. The analysis does not take into account the profound levels of differentiation among groups engaged in multiple income

activities, including the unequal ways incomes and responsibilities are distributed within — often very large — extended family households. One implication of this lack of emphasis on social differences is a tendency to underplay some of the negative effects of price changes on large sections of the urban and rural poor, and to implicitly assume that multiple survival strategies effectively cushion households from the adverse effects of adjustment. This does not capture the problems of localization, reduced consumption of goods and services, and the desperate resort to subsistence forms of livelihood that are often associated with the strategies of marginal groups. The UNRISD studies demonstrate some of these differences in group and household responses to the changes in incentives, even when employment patterns appear to be similar among groups.

Coping Strategies and Changes in Social Relations

What changes in social relations have been associated with the coping strategies outlined above? Here we focus mainly on the broad processes of change necessary for defining the parameters of the institutional crisis. We structure the discussion along four main themes: social polarization; multiple social identities; truncated modernization; and stalemates in the configurations of political power. Social polarization refers to key divisions that have emerged in social relations which act as constraints on efforts to promote social compromise. Polarization weakens attempts to nurture a middle ground, including “middle class” support groups, whose preoccupations can be identified with the pursuit of moderation and compromise. Multiple identities refer to changes that have occurred in the values of individuals located in multiple work situations that are likely to influence institutional regulations and loyalties. Their proliferation tends to undermine efforts aimed at socializing agents in the governance structures of institutions, leading to employee indifference or sabotage of rules. Truncated modernization deals with the breakdown of the post-colonial project of development, including its underlying assumptions and values. It expresses itself in an expansion of traditional and informal practices. In institutional terms, it reflects a crisis of the overarching norms and values that are necessary for making formal rules effective in regulating employee behaviour and system-wide transactions. Furthermore, changes in the configurations of power highlight ways in which structures of power affect coalition-building strategies, institutional performance and policy implementation. These deal with the key question of political authority, whose absence in society may expose institutions to perennial conflicts and fragmented interests and loyalties.

Social Polarization

The complex ways social groups and households have responded to the crisis and reforms have sharpened old social divisions and introduced new forms of polarization. These include a widening of differentials in incomes and standards of living between major reform beneficiaries and the rest of the population; divisions and conflicts within and among beneficiary groups and losers; a weakening of rural-urban relationships; and increasing inequalities among ethnic groups and regions. The first type of polarization deals with the levelling down process that has accompanied the crisis and the pursuit of fragmented income strategies. The case studies demonstrate that this levelling down process has affected all sectors and social groups, even if some groups have done better than others and have profited from the general decline. Among those who have done exceptionally well are small groups of individuals with secure access to foreign exchange, either through the influence they exert on state institutions or the control they wield over transactions involving the export of commodities such as precious minerals, timber products, agricultural and manufactured goods, drugs, currencies, etc. (Mustapha, 1993; Meagher, 1991; Chachaga, 1993; Mamdani, 1991). These are very diverse groups and are involved in a complex of transactions straddling the boundaries of legality and illegality. They should be distinguished from the rest of the population, including some categories of farmers, workers and informal entrepreneurs who, as we have seen, have also benefited from the reforms as a result of their association with some of these thriving sectors, but whose locations in such businesses do not allow them to capture

most of the benefits. The latter groups are confronted with problems of rising costs which continue to act as pressures on profit margins and wages.

At a general level of conceptualization, one can lump these relatively better off groups with the mass of urban and rural groups which have experienced distinctly downward pressures in their standards of living. It would seem necessary also to include in this general category large sections of the middle class who currently constitute a “new poor”. A defining characteristic of the coping strategies of all these groups is the **drastic** cutbacks they have made on their household expenditures, their resort to cheap and inferior quality goods and services, and their pursuit of subsistence strategies for a number of commodities they previously purchased from the market. One of the best ways to capture this first level of polarization would be through data on national income distribution, but such data are unavailable for most crisis economies. In any case, even if such data were available, there still would be problems with their reliability given the informal and in some cases illicit ways high incomes are currently being earned, which national statistical systems may not be able to cover adequately. Some multilateral agencies involved in the study of long-term trends in development indicators believe that more than half of the continent’s population now lives in absolute poverty, and that the incomes of two-thirds of the total labour force may have fallen below the poverty line in the 1980s (UNDP, 1990; World Bank, 1990).

This polarization is obviously the most important when considering issues of social compromise at the national level. Societies which are highly polarized in economic terms, with small or stagnating middle income groups, find it difficult to embark on successful growth strategies, or to construct national institutions that command the loyalty of their citizens. Such groups may be too busy trying to survive the crisis and in some cases may, in fact, provide a rallying point to disaffected groups with chauvinistic political objectives. The successful growth strategies of East Asia, for instance, have partly been linked to the existence of a stable and economically secure middle class and improvements in earnings and social services by low income groups. Effective strategies of institution-building should include, therefore, policies specifically aimed at rebuilding the middle ground and narrowing polarization. This polarization, important as it is, does not capture, however, other types of divisions that may be relevant for understanding the problems of social compromise, especially as they relate to the workplace. Our case studies and published literature suggest that patterns of divisions have emerged or deepened within each broad social category, whether it is workers, farmers, informals, business groups or middle classes. In the case of workers, for example, those in export industries, or in firms that have been able to generate a higher percentage of their raw materials from local sources (such as textiles, breweries, plastics), or those in extractive industries earning foreign exchange, have generally done better in defending wages, employment levels, and social benefits than those in import substitution industries and the public service, which increasingly face high import costs that cannot be offset by foreign exchange earnings.

This has tended to affect the dynamics of labour relations and union politics, including attempts to define common union responses or solidarity in the context of the crisis. In the case of Nigeria, for instance, changes in market opportunities have strengthened unions in export-oriented industries within the national labour movement. Unionists in weaker sectors seek affiliation to relatively more successful unions. This has led to conflicts among trade unionists within some of the not-so-successful unions in the debate over union restructuring. Furthermore, economically successful unions increasingly play mediating roles in the internal affairs of financially constrained ones. In the case of textiles in particular, which have benefited from rising export sales to neighbouring CFA currency countries, unionists have demonstrated a good record in defending workers’ interests in the face of a general decline in the national real wage and employment opportunities and have come under pressure from workers in vulnerable companies for assistance in seeking employment in thriving industries.

In Zambia, the Union of Mine Workers has always enjoyed a formidable presence on the Zambian labour scene because of the strategic location of the copper mines in the national economy. In recent months, it has supported management pressures for a general depreciation of the Zambian kwacha in order that salaries of workers could be paid — much to the discomfort of unions in import substitution industries, whose workers are rapidly losing their jobs as a result of high import costs associated with the depreciation of the value of the national currency.

The deepening of intra-group divisions can also be observed in the informal sector. As many individuals get pushed into the informal economy, socio-economic divisions there become sharp. As we have seen, a relatively small group of informal entrepreneurs, with technical skills, capital assets and, in some cases, political connections, has been successful in exploiting new market opportunities, whereas the bulk of informal agents face very stiff competition in activities that can only guarantee the most basic form of survival. A general trend is for successful enterprises to employ family as opposed to wage labour (Meagher and Bello-Mohammed, 1993; Dike, 1992; Chiwele, 1993) and for middle class individuals to out-compete traditional informals in using state-subsidized credits that have been targeted at the informal sector. This has led to what Meagher and Bello-Mohammed refer to as a recomposition, as opposed to an equitable expansion, of the informal sector. Attempts to nurture and sustain work-based unions in the informal sector have faced serious constraints as a result of increasingly conflicting interests among agents in the same trade. Vulnerable agents have been less than enthusiastic about participating in such unions, which have attempted to maintain standard regulations in business practices. Hawkers in Zambia, for instance, defy pressures from more established traders and the government to restrict their trading activities to established trading zones (Chiwele, 1993). More than a third of informal entrepreneurs in Zaria are reported to have withdrawn from unions formed in mechanical, metalwork and carpentry activities in the 1980s (Meagher and Bello-Mohammed, 1993). In some cases, such as hairdressing activities, unionists had to mobilize local governments to get members to register with the unions. Small operators, concerned basically with survival, prefer the option of autonomy to union rule fixing; whereas large operators are worried about standards and prices, which they suspect the small operators are subverting. In Zaria's informal sector as a whole, only about 8 per cent of entrepreneurs continue to participate in work-based unions. Instead, there is a proliferation of ethnic-based unions, which focus on a number of welfare issues like burials, naming ceremonies and credit facilities.

Similar trends in polarization have been observed in the rural economy, where income differentials stemming from unequal access to labour, land, credits and inputs are widening between rich peasants and smallholders, particularly those in food deficit areas, and between women and men. Such divisions take on an added dimension when we consider the plight of smallholders in food deficit areas and rich farmers in export zones where incomes have been high (Sarris and Shams, 1991; Pearce, 1992; Weissman, 1990); or the divergence between sharecroppers and farm owners in the cocoa economy over control of the economic surplus and the distribution of farming responsibilities and input costs (Mustapha, 1992). Sharp divisions are also emerging among professionals, academics and bureaucrats as a result of the highly unequal ways individual members within each category have penetrated state institutions as well as the links they have nurtured with transnational organizations and activities involving travel, consultancy and networking. The effectiveness of professional associations has been affected by these developments (Bangura, 1994).

These two types of polarization have affected both ethnic relations and rural-urban configurations in a number of countries, further sharpening divisions in those areas. To start with, as social groups were already unevenly structured in most countries, the unequal distribution of adjustment related costs and benefits has exacerbated ethnic and regional differences. Successful export crop zones often belong to specific ethnic groups as is the case

with cocoa in Ghana and Nigeria, where northern groups hardly produce export commodities following the collapse of the groundnuts economy and the diversion of cotton products to domestic use in textile factories. Some of the ethnic conflicts in Nigeria have centred around issues of who has rights of participation and ownership in the cocoa industry, and have affected the privatization programme in that sector (Mustapha, 1992). Also, export industries may be located in specific regions and may employ a high proportion of workers from local areas as is the case with the Bemba in the copper mines of Zambia, riverine ethnic minorities in Nigeria's oil producing states, and Ashantis in Ghana's gold mines. During periods of economic uncertainties, groups from regions where such industries are sited attempt to maintain their monopoly in the labour market or increase pressures on national policy makers to raise revenues allocated to such regions. Militant protests for a greater share of national revenue by those who live in areas where most of the national revenue is derived have been particularly sharp in the oil producing riverine communities of Nigeria in recent years. This has led to a deployment of federal government troops to quell the protests and considerable loss of lives to local populations. The most dramatic case has been that of the Ogoni people's demand in Rivers state for a greater share of the oil revenues to protect threatened livelihoods and the repressive way the government has handled their demands.

Also, some ethnic groups have had a historic advantage over others in nurturing certain types of skills and capital which are essential in taking advantage of changing structures of incentives. The dominance of Igbos in the distribution of auto-mechanic parts in all major Nigerian towns, Yorubas and Igbos in the taxi/long distance bus service, Hausas in city bus services and in informal currency transactions, are cases in point. Many of the religious and ethnic conflicts that have taken place in northern Nigeria in recent years could be linked partly to shifts in opportunities associated with economic differentials arising from job specialization along ethnic lines. The dominance of individuals from the Middle Belt and the South in middle and lower sections of the formal sector, including middle level enterprises, in prominent northern cities is a source of conflict between these groups and the Hausa/Fulani; as is the belief by élites from the Middle Belt that Hausa/Fulanis dominate the top echelons of most public sector establishments. The narrowing of opportunities following the collapse of oil revenues has tended to deepen hostilities. Some ethnic groups develop tightly knit networks of solidarity to dominate particular lines of economic activity and make it difficult for outsiders to gain entry and remain sustainable. This is often the source of many conflicts, as those who feel excluded or disadvantaged activate latent hatreds among their communities. This may lead to periodic violence and feelings of insecurity among their competitors, especially if the latter constitute a minority in the contested zones. The tensions that have erupted recently between ethnic groups in the mainland of Tanzania and those in Pemba and Zanzibar are linked partly to mainland fears of alleged Zanzibari domination of Tanzanian politics, following the accession of a Zanzibari to the presidency, and the belief that this group has used the institutions of the state to gain advantages in economic activities. These allegations have also been levelled against the Asian business community, which is generally seen as the main beneficiary of liberalization (Booth, 1990), given the advantages it enjoyed in commerce during the pre-adjustment period. Some African élites, who dominate the bureaucracy, complain that the previous socialist development strategy prevented Africans from using the state sector to accumulate capital, and that Africans are therefore disadvantaged in current efforts to privatize the parastatals.

Rural-urban divisions have also tended to sharpen even though reformers had expected some reverse migration to rural areas following the dramatic changes in rural-urban terms of trade. Rates of urbanization have definitely slowed down for some countries in recent years, but for many others internal strife and environmental degradation have pushed many people to urban areas and complicated the picture of urbanization. Ghana's census suggests that rural-rural migration tended to be much more pronounced in the 1980s than rural-urban migration; and in Zambia there are indications of a slowing down of the rate of growth of the urban population,

already very large by African standards, vis-à-vis the rural growth rate (Chiwele, 1993). Surely, there have been small-scale re-migrations to rural areas as part of long-standing traditional strategies of urban dwellers aspiring to retire to the village or cultivating rural relationships that would be useful for other social and political objectives. Researchers report such special cases, but do not find any new strategies involving a massive reorientation of economic activities by urban households towards the rural sector or of plans for relocation to that sector. Where reverse migration has occurred on a massive scale, as in the case of the Ghana returnees resettlement scheme in the 1980s, evidence suggests that most of those resettled in rural agricultural schemes have found their way back to urban areas (Dei, 1993). Urban families have responded to the food crisis and price changes not by going back to the village, but by growing their own food in the cities. Most workers may find it difficult to pursue any viable large-scale farming activity in rural areas because of low incomes and rising input costs, and the economic and social problems smallholders face in the villages is well known to urban dwellers. Private firms concerned with rising import costs of raw materials, such as textiles, breweries, and beverage and cigarette companies have been active, of course, in strategies of backward integration, which involve direct farming or investing in peasant farming activities for industrial use (Andrae and Beckman, 1985). Some companies and private individuals have also invested in agricultural trade, particularly export crops, and research indicates conflicts of interest between these external actors who are interested in quick profits in foreign exchange, and peasant producers who are concerned with protecting the gains of liberalization (Mustapha, 1992).

Studies also indicate that rural-urban ties are weakening in a number of other ways. High transport costs have drastically reduced the number and frequency of visits to rural areas and vice versa, even including those for social ceremonies like burials, marriages and festivals which were traditionally seen as important occasions to renew or consolidate ties with rural/townsfolk. A Zambia study of informal sector traders indicates that the latter have opted instead to strengthen social relations at the market-place in order to be able to fulfil these social obligations in burials and marriages (Chiwele, 1993). A number of case studies also suggest that remittances from urban to rural families through the extended family system, which in the past were important in procuring inputs for agricultural production, are in serious decline (Meagher, 1991; Chiwele, 1993; Simutanyi, 1993; Mushota, 1993; Meagher and Bello-Mohammed, 1993). Urban families can no longer afford to make such payments. The circulatory patterns of rural-urban labour migration seem also to have been negatively affected by the crisis and the decline in opportunities for those trapped at the lower end of the informal sector. Many small-scale farmers used to raise part of the capital for the purchase of farm inputs by working in informal urban sectors during off-farm periods. With the economic decline and the intensification of competition in the informal sector, such opportunities are drying up. This may partly explain some of the shifts in migratory patterns along rural-rural lines that have been recorded in Ghana, where the decline in urban opportunities was very sharp in the 1980s.

Multiple Social Identities and Loyalties

Most social groups in Africa have traditionally developed a complex of identities which encompass values based on kinship relations, ethnic affiliations and workplace socialization. Individuals often feel cross-pressured as they respond to problems at the workplace, in their ethnic environments and in national politics. Studies on group dynamics have drawn attention to problems which institutions have always faced when they try to get their members to uphold one type of identity and restrict their propensities for flexibility and ambiguity. Unions and professional associations, for instance, have been relatively more effective in mobilizing members to defend livelihoods than in getting them to follow worker/professional-based parties in national politics, where members may value other identities in structuring choice

(Melson, 1971); and it is common knowledge that workplace relations have often been influenced by extra-institutional affiliations.

What has changed is not the nature of the inter-penetration of workplace identity and societal values, but the character of workplace identity itself. In the past, it was fairly easy to distinguish between professionals, industrial workers, farmers, entrepreneurs and informal economic agents. However, many of the characteristics that were central in defining the identities of such groups seem dated as a result of the diversification of employment strategies. As we have seen, a worker, for instance, is likely also to be a farmer, a petty trader or an artisan; and an academic or a bureaucrat could be a business entrepreneur, a farmer, a technocrat or a transnational actor who derives a substantial part of his/her income from global relationships. And it has become much more difficult to define who an informal entrepreneur is, given the large number of qualitatively different individuals who have invaded the informal economy. At a certain level of abstraction, one can talk about an emerging fusion of identities for particular sets of groups, such as certain strata of professionals, bureaucrats and academics among the middle classes; landless rural groups and the urban poor among marginal groups; and the casual strata of the industrial labour force, large sections of traditional informal sector groups and some smallholders.

The groups classified in each of the three categories would seem to share similar types of jobs and work practices, even if they are located in different geographical and workplace settings, suggesting changes in social stratification. For example, it is becoming difficult to distinguish between certain strata of academics, bureaucrats and professionals because of the convergence of their coping strategies and work schedules. The idea of academics spending some of their time in the bureaucracy and private sector may not be surprising any more as university teachers are known to be part of an emerging technocracy for economic reform in several countries. But it is interesting to note that some bureaucrats are not only involved in the private sector and tapping overseas opportunities, but are also active in the world of academia as a result of a general shortage of full-time academic staff in some universities. Universities have been forced to hire part-time staff with an academic background from the bureaucracy and private sector to save some academic courses and departments from collapse. The labouring classes provide another example. As many industrial workers are turned into casual labourers, they come to share the characteristics of traditional informal sector groups and many smallholders, all of whom combine casual work with informal and farming activities.

As a result of these changes, the capacity of institutions to shape the workplace identities of their members has been undermined. In fact, many formal institutions have suffered a serious decline in staff time because of the fusion of work boundaries. When combined with the fusion that has also taken place in work relations among other sets of social groups at lower and upper levels of society, the implications for the functioning of regulatory régimes, codes of behaviour and the nurturing of institutional loyalties are enormous. This has implications for collective bargaining and mobilization strategies. Despite the decline in their institutional reach, most organizations continue to operate in hierarchical and non-participatory ways, further alienating the mass of their low paid employees. However, employers increasingly find it difficult to discipline their employees since the wage/salary — although part of the overall survival strategy — may no longer be central to it. In this case, employees may be disposed to take risks that may challenge institutional regulatory mechanisms and codes of behaviour. They may not be sufficiently socialized into the **governance structures** of their organizations for the latter to be sure of their unquestioned loyalty.

Ordinarily, the power of employers is likely to increase during periods of deep recession because of high unemployment which tends to weaken union/worker militancy or individual acts of malfeasance. This has happened in private sector enterprises where employers have been able to pay existing workers wages that are higher than what such workers might receive

from alternative sources. In such situations, the threat of losing the job in the face of rising unemployment acts as an effective instrument in the hands of employers to get workers to behave properly on the shop floor. In most other cases, particularly in the public sector, where wages currently constitute a small proportion of the total income or expenditure needs of workers, the power of employers over their work force may not be so decisive in periods of high unemployment. In the public sector, even those who are supposed to supervise and discipline subordinate employees may be caught in the search for or consolidation of alternatives, making them less enthusiastic in carrying out orders. And in many private sector firms that do not pay adequate wages, despite the existence of stringent monitoring devices, employees may still find ways of evading regulation through feigning illnesses, collaborating with supervisors to be absent from work, or clandestinely converting official resources to private ends. The main point we seek to stress is that the existence of formal regulations may not be sufficient to ensure compliance under conditions of low remuneration and multiple income strategies. Even in cases where employers' hands may be strengthened by the existence of unemployment and the lack of viable alternatives for workers, the former may not always be able to dismiss workers at will because of the costs of paying retrenchment benefits and gratuity, which could be financially crippling during periods of recession. Socialization, not threats of dismissal, is a more effective way of securing employee commitment to institutional goals. This has been eroded under crisis and adjustment.

The experience of institutions with a middle class component is illustrative of the problem of under-socialization. Professionals and academics in the public services, who were highly privileged groups in the 1960s and 1970s, have defied previously enforceable regulations of state loyalty by engaging in long periods of industrial strikes in the 1980s as the crisis and policies of restructuring eroded incomes and standards of living. Such groups have been central in mobilizing sections of the urban population against structural adjustment and authoritarian rule. Attempts by political leaders to enforce loyalty to the state and stem the rising opposition from such groups through enforcement of existing bureaucratic regulations have been ineffective. Furthermore, civil servants in most countries have become indifferent to bureaucratic norms of discipline as they pursue livelihood and other interests that are detrimental to the proper functioning of the public bureaucracies. This incomplete or declining socialization has implications for the way disputes may be handled. Lack of commitment to institutional goals, or alienation, may encourage either apathy or violent outbursts as a form of protest. In a way, it parallels early forms of working class incorporation into industrial life, where high levels of worker turn-over, absenteeism and seasonal work practices were observed as strategies used by workers to resist the rigours of proletarianization as they opted instead for less regulated peasant and informal sector lives. Workers' militancy relating to industrial sabotage, occasional violent assault of employers during disputes and various forms of shirking on the shop floor have been linked to workplace relations of domination, low remuneration and, significantly, **exit options** available to employees (Andrae and Beckman, 1991; Lubeck, 1986).

Problems of regulation and loyalty can also be observed in institutions that are meant to defend the interests of employees themselves, such as unions and associations. These may not always succeed in mobilizing members for group action if members are too absorbed in pursuing alternative options and the unions/associations in question do not have a good record of defending group welfare. This seems to be the case in countries like Sierra Leone, Tanzania and Uganda where union militancy is traditionally low and workers have devised low level subsistence strategies for dealing with the crisis. Even in countries with high levels of union militancy, such as Ghana, Nigeria and Zambia, it is possible to distinguish periods when unions were much more effective in calling their members out on strike (viz. the period of early reform when workers had not diversified their options and believed in the efficacy of union interventions) and periods when union influence in industrial relations has waned (viz. the late reform period when workers have settled into alternatives and strikes have lost their

potency as an instrument for seeking redress). Unions may still be able to organize large strikes of short duration, as demonstrated in the relatively effective Nigerian labour strike over petroleum subsidies in 1993 that contributed to a change of government, but seem highly constrained in pursuing long, drawn-out disputes which might involve continuous mobilization and use of financial resources. When disputes do drag on, as is the case with many strikes involving unpaid or badly paid teachers, satisfactory settlements are often rare and teachers seize the opportunity to consolidate their operations in the informal sector. Spectacular eruptions, not structured negotiations leading to durable and mutually respected settlements, seem to be one of the more visible outcomes of this weakening of union power.

The erosion of regulatory mechanisms at both ends of the social spectrum may largely explain why it has been difficult to work out social pacts or reach agreements that key actors in society will honour. This problem lies at the heart of Africa's institutional crisis. Existing institutions seem unable to mediate social conflicts. Social actors are increasingly faced with a "prisoner's dilemma" of whether to abide by rules which others may not follow, especially as dominant actors seek short cuts to the resolution of difficult conflicts by manipulating the institutions themselves.

Informalization and Truncated Modernization

Social relations have changed in ways that have undermined the modernization process associated with post-colonial development. The modernization project in Africa had well defined characteristics and should not be confused with literal meanings of the term, which may identify all current activities as extensions of the march towards or away from "modernity". Modernization itself was associated with a particular way of organizing society, a distinct structure of accumulation, and a set of values and beliefs for regulating social behaviour and state systems. In terms of social organization and accumulation, a "modern" society was to be created by a gradual but progressive relocation of groups into formal institutions. The informal sector was to play a subordinate and transient role in the transition to modernity, as it was assumed that the expanding formal economy would be able eventually to absorb all groups and sectors of society. In some countries in East and Southern Africa, as opposed to those in West Africa, informal urban activities were severely restricted as both colonial and independence rulers attempted to maintain orderly and regulated businesses in the cities. The developed Western society was held up as a model for the emerging ideal type African society. Peasant surpluses, rents earned from the activities of mineral extracting companies, and foreign capital were to provide the resources for the nurturing of classes of individuals who would uphold "modern" values in the public bureaucracy, industrial factories, university systems and corporate organizations. This was to be achieved through massive funding of formal educational and health systems, social protection schemes and a salary or wage that would guarantee a decent or adequate level of living. These groups were to be segregated partially from the rest of society through special housing arrangements provided by the state and private companies, and official regulations which insisted on the nuclear family model as the criterion for enjoying social support. Those who were better organized, or occupied strategic positions in the social structure, were much more successful in taking advantage of this relatively untargeted system of resource allocation, which meant that peasants fared worse than other groups — especially the governing/business élites and middle classes in state capitals.

The state was to play a central role in the economy, society and polity as the chief agent of modernization. It was to uphold a secularist view of development, essentially by relegating religion and tradition to the private arena, and pursuing a centralization strategy of national ethnic integration. Groups which saw themselves as the custodians of the traditions of society, such as chiefs, networks of elders, religious leaders, Koranic and traditional teachers, herbalists, hunters, secret society organizers, etc. were downgraded to the informal, "unseen", traditional arena, even though their influence on the wider society and on many of those in the

modern sector remained enormous. State actors recognized the ethnic diversities of their societies, but believed that the best way to maintain national unity was by concentrating power at the centre and promoting a national consciousness that would be devoid of ethnic cleavages. The state was to be a nation state as opposed to a multi-national or multi-ethnic state. This centralization strategy de-legitimized the everyday cultural and social practices of the vast majority of groups in rural and urban areas. The use of foreign languages in official discourse helped to disguise the utopian character of this strategy of integration. Agents of central power could claim linguistic/cultural neutrality at the official level, while they remained heavily imbued in ethnic consciousness and maintained themselves in power by converting the “nation state” into an ethnic state.

The crisis and changes in social relations associated with the coping strategies discussed above have dealt a blow to this modernization project. The formal economy not only employs less labour than the informal, but its capacity to absorb labour from informal and traditional sectors is severely blocked; it is unable to sustain a living or satisfactory wage or salary for its employees; and the romantic vision of the withering away of peasant and informal sector livelihoods has met with a rude shock. The formal economy is not only not growing, but it is no longer seen by the majority of those who work in it — and those it previously excluded — as the driving force of society. The conquest of the formal economy by forces acting informally has never been so comprehensive. The accumulation strategy on which the drive for modernization depended has been in crisis since the 1970s. Peasant surpluses and mineral rents have dried up as a result of factors ranging from low local producer prices and support services to falling international commodity prices and demand; and economic decline has been compounded by declining foreign investments, capital flight and high debt service obligations (Ghai, 1992). States’ capacities to intervene effectively in the economy, in social policy and in the polity have been seriously eroded. A small and truncated formal sector rests uneasily on a vast network of informal and traditional activities.

With this loss in state capacity has come a distinct loss of legitimacy. The artificial boundaries that separated modern institutions from the rest of society have been broken. There is an unprecedented revival of religious, traditional, and ethnic movements in most countries. Traditional actors have entered the social stage not so much by taking over modern institutions, but by articulating a new power of relevance at local levels where states are no longer effective in mobilizing their populations for national projects. For instance, in a village in Guinea Bissau, the failure of state agents to address the social and economic problems associated with the crisis is forcing parents to abandon modern education in favour of Koranic schooling for their children, where local religious teachers or *mallams* hold complete sway (Rudebeck, 1990). Traditional herbalists, soothsayers and syncretic religious sects are thriving in most West African cities where rising poverty, problems of youth unemployment and a lowered sense of expectations push many urban dwellers to seek solace in traditional alternatives (Ibrahim, 1991). Kingdoms which had been wiped out or undermined as centralization projects got underway, such as those in Uganda and the Lozi in Western Zambia, seem to be enjoying support for their revival among their different subjects. Christian and Islamic religious leaders are making a strong showing in many countries where such forms of politics were subordinated in the past to other types of cleavages. In Nigeria, religious leaders entered the political centre stage in the mid- to late 1980s as religion became a primary medium of struggle among the country’s various ethnic groups. Traditional methods of organizing political discourses, such as the village *palaver* and the *Mbongi* or lineage system, are being advocated in some places like Zaire to replace what are perceived to be failed modern forms of political representation and discourse (Wamba dia Wamba, 1992). Religious revivalist sects, secret societies and traditional hunting organizations and festivals, with a high level of middle class participation, are enjoying renewed popularity in Sierra Leone as a cultural response to the crisis.

As these forces gain momentum, individuals in modern society, including state officials, increasingly turn to them to strengthen their hold on power and on society. The *marabous* continue to play a key role in regulating rural electoral behaviour in Senegal and both government and opposition parties compete to enlist their support. The governing party in Zimbabwe provides official support to traditional spirit mediums as a way of regulating rural behaviour and social conflicts. And various governments have rushed to set up religious affairs departments in order to regulate the activities of the new actors. Some leaders have attempted to alter the secular character of their states by declaring official support for only one type of faith (Christianity in Zambia, Islam in Sudan) or by participating in international religious organizations, such as the Organization of Islamic Conference, which compromise the religious neutrality of their states (Nigeria, Sierra Leone, Tanzania). States, political parties, unions and interest group organizations increasingly have to deal with this secular process of informalization and resurgence of religious and traditional practices, but their modes and styles of operations have not been restructured in ways that will enable them to respond constructively to the new challenges. The centralizing and modernist ideology persists and acts as an obstacle to a resolution of the crisis.

This new phenomenon of fragmentation and informality has implications for the secular and impersonal norms and values that state bureaucracies and interest group organizations have attempted to develop since colonial rule. Formal rules and regulations are likely to be ineffective in situations where the social norms and values that underpin such rules are profoundly different from the substance of the formal rules themselves. Sociological studies affirm that it is often social norms and values rather than formal rules themselves that motivate individuals to behave in desirable ways. The rules mainly act as a last line of defence against non-compliance. The erosion of the modernist project calls for a major rethink of the rules of bureaucratic behaviour. It challenges theories of development and social change that were dominant in the 1960s and 1970s. Despite the major theoretical and ideological differences that existed between Marxist and modernization scholars writing on developing countries, both had a unilinear view of development in which social forces associated with the modern sector were expected eventually to overcome so-called atavistic values and develop into fully formed classes as they struggled to push the fledgling economies along lines of capitalist or socialist development. Both saw traditional values and forces as constraints on the projects of social transformation, but paid little or no attention to them in terms of how they should be nurtured and regulated, implying that they were unlikely to play any major positive role in the new societies that were evolving. They could only act as a setback, or an obstruction, to economic growth and development. Dependency scholars were less optimistic about growth and modernization, because of what they saw as an essentially externally-driven strategy of development which did not give national states sufficient autonomy to chart their own path of development. But the recipes for the ideal type auto-centred development paradigm which many of them advocated paid little attention to the role of traditional and informal forces in shaping the strategies of state actors expected to de-link from the world market.

Stalemates in the Configurations of Power

Such complex changes in social development and state-society linkages are bound to alter the configurations of social forces and the balance of political power. This has happened, however, in ways that do not support the assumptions of neo-liberal/development theory. Neo-liberal reformers had assumed that changes in structures of incentives in favour of tradables would empower market-oriented groups, who eventually would be strong enough to enforce new rules of behaviour in state and society. Initial authoritarian and technocratic interventions to tilt the balance of opportunities in favour of trade-based beneficiaries were expected to give way to a new configuration of social forces in which beneficiaries would command a hegemonic status and legitimacy. The multilateral funding agencies obviously

recognized the structural weaknesses of beneficiaries during the early phase of the reforms, which partly explains why they were unrelenting in their crusade to dismantle the policy-making traditions and development strategies associated with previous ways of organizing society. Apart from the well known strategy of withholding international finance to recalcitrant governments, the Fund and Bank attempted to swing the balance of power in favour of reformers by de-legitimizing opposition to structural adjustment. A myth was propounded around the idea of "no viable alternatives to adjustment" to silence or side-track critical and well-meaning intellectuals and labour unionists who were keen to promote national discourses that they hoped would lead to broad-based alternatives. The funding agencies also introduced a culture of secrecy in economic decision-making where the informed public, including persons with professional competence, was prevented from gaining access to the details of restructuring programmes, a practice that was out of step with the post-independence traditions of open discussions of development plans. They undermined research institutions and organizations that were likely to be critical of the reform programme (witness the hasty dissolution of the Prices and Incomes Commission in Zambia following the advent to power of a government that is more committed to adjustment than its predecessor), and promoted new national research institutions and regional research and training networks to provide intellectual and technical support to the new policy.

This strategy of changing the balance of forces in favour of the reforms met with a lot of resistance from many African governments and societies. In countries with fairly well-defined traditions of development strategies, such as Tanzania and Zambia, in which post-independence régime change had been low or non-existent, resistance to the reforms came from both interest groups in the state bureaucracy or ruling party and groups located in the wider society. Societal interest group resistance was strong in countries such as Zambia where urban groups were much better organized and the state's developmentalist philosophy less penetrating. Rapid post-colonial régime change in other countries, such as in Nigeria and Ghana, made it easier for new governments to accept the reforms even though there were varying degrees of implementation. Resistance in this set of countries emanated primarily from organized interest groups. However, which ever set of countries one deals with, the evidence indicates that in no country were the configurations of social forces restructured in ways that ensured the establishment of a solid support base for the reforms. Even in the case of Ghana where the reforms were much more rigorously implemented than in any other country, the critical change in the structure of power was achieved before the reforms were put in place. The key political change occurred during the "revolutionary" phase of the régime in 1982-1983 when powerful groups in business, politics, the professions and the army were treated to a shock therapy of repression as the new government attempted to rid the society of what it saw as corrupt practices. That earlier militant and violent intervention profoundly changed the political culture and discourse by introducing deep divisions and suspicions between state officials and critical sections of society, which the reform efforts subsequently consolidated and deepened. It may partly explain the failure to build a solid pro-reform coalition in the country after more than ten years of adjustment, and why the business class remains staunchly opposed to the chief architects of the reforms, Rawlings and the PNDC/NDC (Provisional National Defence Council/National Democratic Congress), despite the gains many of them made during the reform years.

The changes in social relations highlighted in previous sections make it unlikely that any **simple** coalition of forces can be built either to support or resist the reforms or offer alternatives that can be defended over any extended period. Given the various levels of polarization and complex ways social relations are being restructured, no theory of group dynamics that is based on an assumed profile of fully formed winners and losers is likely to provide sufficient insights into the options that may be available to construct social coalitions for group or state action. There are no simple winners and losers, and a variety of social contradictions mediate economic behaviour and connect winners and losers in complex and

non-deterministic ways. The only clear winners, as we have seen, are the disparate groups of individuals linked to transactions involving the movement of currencies. Many of their activities are so non-transparent that they are unlikely to provide any credible leadership to the increasingly distressed majority population in rebuilding the battered institutions. Much of society is structured in ways that require a series of trade-offs if large groups of individuals are to be fully attracted to national projects or coalitions for effective development. Such trade-offs will have to take into account not only the disparities that have emerged in levels of living and social relations among and between groups, but also the differentiation that has occurred along ethnic and regional lines and between rural and urban communities. These are tasks that are likely to demand much more time, effort and resources than the situation obtaining during the pre-crisis period when the divisions were not so complex. The new social realities call into question attempts of governments and financial institutions to impose narrowly defined reform programmes on these societies. The stalemates in the power configurations exacerbate already evident weaknesses in national structures of authority whose resolution is crucial if state institutions are to be provided with the foundations for purposeful developmental action.

Social Change and Institutional Development

What general conclusions can be drawn from this discussion that will contribute to an understanding of the problems of institution-building in crisis economies? As we stated in the introduction, we understand by institutions a bundle of rules in social relations which structure behaviour in predictable ways. These need not take organizational forms, although the institutions we are concerned with, viz. states and interest group formations, are organizational in character. Institutions are necessary for the proper functioning of markets and political systems. They ensure that outcomes in economic and political transactions are converted into the conventions, norms, and ultimately traditions which are necessary in regulating conflicts and allocating benefits and punishments. Institutions can act as constraints on individuals who may wish to impose their will on society, while at the same time they can facilitate orderly programmes of transition to new social arrangements. While creating spaces in civil society through rising state incapacity to control dissent, Africa’s institutional crisis simultaneously makes it difficult for recent gains in civil liberties to be extended to other critical sectors of the political system, and to push through viable economic development programmes.

The previous section attempted to establish a connection between changes in social relations and problems of institutionalization. It posited a link between, on the one hand, issues of polarization, multiple identities, truncated modernization and stalemates in the power balance, and on the other hand, problems of social compromise, socialization in governance structures, overarching norms, and political authority. The linkages at these four levels would need to be kept in mind in any discussion of institutional development, particularly as it relates to state systems. The first part of the linkage provides the social context in which current institutions function and the second highlights the structural constraints which influence the pursuit of institutional goals — i.e., the third part of the linkage. A successful strategy of institutional reform must focus on all three dimensions of the problem: changes in social relations, the crisis of institutionalization, and institutional goals. A focus on just the institutional goals is unlikely to grasp the significance of the qualitatively different pressures that are being brought to bear upon formal institutional actors who are expected to defend the goals. An exclusive focus on the goals or the internal arrangements of organizations would be justified only in situations where external social processes and values are in fundamental agreement with the values and objectives of the institutions. Where these diverge, policy would need to pay great attention to social relations and institutionalization constraints. These linkages are highlighted in Figure 1.

Figure 1

CHANGES IN SOCIAL RELATIONS	**CRISIS OF INSTITUTIONALIZATION**
Social polarization →	Problems of effecting social compromise
Multiple social identities →	Insufficient socialization in governance structures
Truncated modernization →	Erosion of overarching norms and values
Stalemates in power balance →	Lack of effective political authority

→

INSTITUTIONAL GOALS
Universally effective rules and regulations
Predictable roles and transactions
Rational structure of incentives and sanctions

Indeed, the institutional goals themselves will need rethinking and profound reform if they are to be relevant in the context of current changes in social relations. There are three basic elements of the institutional goals that are worth considering. The first concerns the establishment of **rules and regulations** which have the same meaning and relevance for social groups and individuals acting within different organizational settings in a given territorial space. In the context of the changes we are dealing with, such rules and regulations must attempt to break the hollow dichotomy between formal and informal transactions by making informal and traditional interests and values central to national standards. They must aim to legitimize the traditional and open up issues in those areas for public discourse so that national laws will be both just and non-discriminatory in the way they allocate advantages and disadvantages among groups and communities. Part of this effort would require a new approach to national programmes of education which, in most countries, have largely ignored traditional rights and legal/belief systems. While upholding the principles of human rights and civil liberties, national institutional rules and regulations must make sense to all segments of society in order that individuals and office holders can be held accountable in different social contexts for their actions. This is all the more relevant under conditions of multiple coping strategies where individuals move in and out of a complex of socio-economic settings. It will help regulate current practices in which dominant élites and office holders commit crimes or acts of malfeasance in the public arena and seek refuge and support in traditional settings.

Institutional goals also concern the development of **predictable roles and transactions** as embodied in organizations with a high level of bureaucratization, or in village/tightly knit community settings where trust and personal interactions help to check opportunism. How such predictable transactions can be established in largely informalized societies undergoing rapid change is one of the contemporary challenges of development theory and practice. Using the impersonal market instruments of legal contracts and the institutions of private property rights seems insufficient for the complex transactions and levels of market penetration that exist in such societies. Finally, institutional goals deal with the pursuit of **rational structures of incentives and sanctions** necessary for influencing the behaviour of actors who are expected to enforce institutional rules and objectives. This includes issues of salaries, social benefits, training, career advancement, accountability and participation. Issues of incentives cannot be handled effectively outside of the context of social pressures affecting institutional actors as they try to cope with changing economic opportunities and respond to the coping strategies of other groups.

As we can see, some of the tasks of institution-building are internal to the institutions themselves, while others have a much more societal dimension and may require more long-

term strategies of regulating social behaviour. The nature of the crisis and social change suggests that a focus on just the internal institutional goals is likely to produce inadequate results and evade the need for fundamental reform. Many of the Bank's efforts in the area of institutional reforms have concentrated on the internal governance structures of bureaucracies. The excessive focus on the internal has been informed by earlier assumptions of the need for a passive state in promoting a market economy that reformers believed was ready to be liberated. In this view, African states were seen as inefficient and overextended, unable to serve society equitably and effectively, and blocking the emergence of private entrepreneurs whose profit maximizing strategies would minimize inefficient transactions and raise national income levels. Institutional reforms were concerned, therefore, with rolling back the state and have focused on retrenchment, privatization, decentralization, organizational restructuring and the promotion of non-governmental organizations (NGOs). Of these five areas, the only policy that deals with wider societal issues is that on NGOs. Furthermore, none focuses directly on questions of democracy except the policy on decentralization, which has tended to be formalistic as it hardly challenges existing power structures in national and local government bureaucracies.

The major work in institutional reform has been in the areas of retrenchment and privatization. Retrenchment is seen as necessary to reduce budget deficits and inflationary trends, and to introduce higher remuneration to motivate existing staff. Despite the strong focus on this area of reform, the empirical evidence indicates that most countries failed to reduce their budget deficits and inflation rates in the 1980s (Jespersen, 1992). Expenditures on salaries and wages declined relative to total public expenditures in the 1980s (ILO-JASPA, 1990), and they constituted much smaller proportions of national expenditures than those incurred on debt servicing and military obligations. Furthermore, payments of retrenchment benefits compounded the problems of attaining budgetary balance and had to be rescheduled or scaled down in a number of countries. Much more importantly, there is no country where the policy of retrenchment has been offset by a pay and benefits policy that is adequate for maintaining staff livelihoods. Retrenchment and salary re-alignments have not weakened multiple survival strategies, nor have they won back the institutional loyalties of staff in any significant way.

The policy of privatization has proceeded rather unevenly across Africa. Quite apart from the weak or non-existent financial institutions in most countries, which make it difficult for markets to discipline private entrepreneurs, many of the companies that have been put up for sale have not been bought, partly because of their loss-making records and low levels of optimism in investment decisions pertaining to manufacturing. In some cases, uncertainties over the future of the companies and the status of their personnel have aggravated the institutional crisis and affected the supply of critical goods and services. The attempt to sponsor NGOs to take over the delivery of some key services, particularly in rural areas, has been fraught with problems. NGOs, like the states they wish to supplant, are faced with problems of efficiency and accountability (Brett, 1993; Vivian and Maseko, 1994) and it is doubtful whether they can substitute for local organizations and states in rebuilding national institutions. Recipients tend to see NGOs as donors who ultimately may disappear from the scene, as their activities are not embedded in the social traditions of the communities they serve. A Zimbabwe study found that rural people were much more prepared to make claims on government institutions — even when they did not always get what they demanded — than they were with regard to NGOs, suggesting a very low level of NGO institutionalization (Vivian and Maseko, 1994).

Strategies aimed at supporting a process of institutionalization that would lead to effective rules, predictable transactions and viable incentives for institutional actors would need to address three main issues. These have a bearing on the four dimensions of social change highlighted in previous sections. The first concerns questions of livelihood, social polarization

and multiple identities. A crisis in livelihoods affects the internal functioning of institutions in two fundamental ways: employees' use of office time to pursue non-institutional goals, and the channelling of institutional resources to private ends. Given the massive erosion of living standards among most social groups, and the shifts that have occurred in strategies of income maximization, it would seem unlikely that any one institution, let alone the state, would be able to guarantee secure livelihoods to its employees in the foreseeable future. Even if incomes were raised to 'satisfactory levels', the widening gulf between international and national incomes, would suggest that most individuals in bureaucracies, some of whom have developed transnational linkages, would resist attempts to restrict their income sources to one institution. At one level, this trend is not unique. Flexible work specialization has also been observed in industrial economies undergoing profound changes in accumulation. The rise of post-modernism has been associated, in fact, with shifts in work practices (Harvey, 1989). However, a major difference in the changing structures of work between developing and industrial countries is the presence in the latter of social regulations and remuneration which ensure that staff time and resources are allocated more or less according to institutional requirements. A key issue that would need to be confronted in highly informal developing economies is how to create standard societal rules and regulations that individuals would be accountable to as they move from one set of institutions to another. In order that such rules may be effective, organizations may need to be restructured in ways that would encourage transparency in transactions and internal democracy in decision-making. This will enable concerned bureaucrats and their allies in society to expose institutional malpractice.

A related problem is the issue of remuneration and how this is linked to the deepening processes of polarization. Poverty in most countries is so extensive, and the divisions among groups, sectors and regions so deep and pervasive, that it simply would not make sense to recreate a privileged minority in the formal economy and institutions. What may be required is a massive intervention in the social sector to guarantee fulfilment of basic needs in education, health, transportation and nutrition. Much of the traumatic experience of hitherto privileged groups relates to the very large expenditures they have had to incur by way of private provisioning to maintain satisfactory standards in basic social services. The response that is required in promoting and protecting social standards should not be bogged down by the kind of debate over universalism and targeting in which the Bank and other agencies have been involved recently, but should take a hard look at the crisis of social provisioning in specific countries as it affects families, social groups, regions, ethnic groups and urban and rural areas. Such national systems of provisioning should have solid in-built arrangements for community and social group participation in order to prevent more powerful groups from diverting funds and services to their own ends. The social crisis is so deep and extensive in some sectors of provisioning that to focus social policy only on "vulnerable groups" undermines the vision that is required to come to terms with the crisis. In some cases, vulnerable groups are not a minority group, but encompass the majority of the population itself. Furthermore, institutional actors are connected to a wide range of families and social networks, crises in which affect the way such actors are likely to perform their bureaucratic roles. Some basic level of social protection for all categories of individuals in key areas of basic health, education and transportation, would seem necessary to ease some of the social pressures on institutional actors. The recent shift in Fund/Bank thinking to incorporate social provisioning issues in policies of economic reform represents a positive move, but work in this area is still very limited and seems to be driven by a single ideology. Not enough funds and analytical resources have been allocated by states to their national social programmes, and the key ministry responsible for planning the interventions, social affairs, continues to occupy a very peripheral place in the bureaucratic structures of most governments. The kinds of interventions necessary in this field would require properly functioning statistical systems to monitor progress, and well-trained and committed individuals with an excellent knowledge of the social stratification and traditions of their societies.

The second issue that would need to be addressed in order to support a viable process of institutionalization concerns the role of culture in social development and institution-building. This has both theoretical and policy relevance. At the theoretical level, it would seem obvious that a narrow focus on a single utility paradigm is unlikely to capture complex patterns of socio-economic behaviour in economies undergoing rapid change. Furthermore, state practices are not determined or shaped by only one type of rational behaviour. As we have seen, economic transactions are embedded in complex webs of social relations and state actors respond to various, often conflicting, demands. When societies experience prolonged periods of crisis, traditional/cultural practices become key elements in the economic decisions of social actors. These traditions are not static, however, but are constructed by different actors as they respond to new problems and needs. Relations of domination and subordination are reproduced and restructured in complex ways as actors attempt to interpret, utilize and mobilize traditional values to support their economic goals. This produces outcomes that may not correspond to *a priori* assumptions, underlying a need to always ground theoretical insights on strong empirical foundations when dealing with such societies.

At the policy level, a focus on culture has implications for the way the public/private dichotomy that has afflicted African state systems can be managed in ways that will promote institutionalization. One of the ways neo-liberals have tried to handle rent-seeking problems is through liberalization and marketization. This strategy is often combined with conventional approaches that emphasize public probes on corruption and imposition of penalties on wrong doers. The fact that problems of rent-seeking have persisted in economies undergoing reform indicates a need to consider alternatives. Rent-seeking agents have always relied on informal traditional networks to frustrate efforts at regulating their activities in the public sphere. The point, of course, is that these traditional networks are not private, but have been made to look that way by government policies which provide legitimacy only to formal networks (Eke, 1975).

All social systems have mechanisms for ensuring accountability and for disciplining wrongdoing. Traditional mechanisms of accountability will need to become an integral part of national systems of accountability if anti-institutional practices of dominant groups are to be regulated. Legitimizing the traditional public sphere as an integral part of national accountability systems will not, of course, on its own, produce positive results. Many local societies are deeply divided and patron-client networks may ensure that small privileged groups continue to pilfer public resources by playing off one set of communities against another. Effective processes of accountability also need some level of awareness by community members of public issues and readiness to criticize public policies and actions of officials. Such traditions of critical scrutiny of local authorities may be absent in some societies, but they already exist in a number of others, where traditional rulers have to ensure that public functions and services are carried out to maintain their legitimacy among their subjects, even when they allocate to themselves a larger share of the resources. Given the low levels of literacy in such societies, budgets will have to be translated into tangibles (such as number of bore holes, drugs, educational materials, fertilisers, farm implements, etc.) for members to be able to monitor their disbursement and be interested in defending their entitlements. This means that low income groups in traditional/informal sectors, which constitute the majority population, will have to be given large concessions in resource allocation and political leverage for them to feel part of national development efforts and be concerned with disciplining rent-seeking individuals who claim to represent their communities. The fact that rent-seeking activities make most people worse off suggests that efforts aimed at tilting the system of resource allocation and decision-making in favour of underprivileged groups are likely to generate considerable support. Anti-corruption probes have always been popular among most sections of society when new governments come to power. Such probes have been ineffective, however, because of the missing elements of resource distribution and political control in favour of groups in traditional and informal

settings. This analysis also has implications for activist individuals concerned with probity and positive social change. They would need to focus a good part of their struggles in informal and traditional sectors to prevent rent-seeking and neo-traditionalist groups from monopolizing the discourse on culture and tradition.

The third issue concerns the role of social forces in disciplining institutions. Social struggles are central to the process of institutionalization, and organized interest groups play a key role in this process. Pressures from groups disadvantaged by policies of exclusion and institutional inefficiencies are essential for the setting of boundaries to state and private corporate power, ensuring public probity, and promoting individual rights and good governance. This relates to the issue of establishing effective authority relations. Institutions are likely to be ineffective in situations where political authority is absent or largely inoperative. Throughout the 1980s, the Fund and Bank were sceptical about the positive roles of social groups in promoting development and good governance, since the activities of such groups tended to put many of the reform policies into question. All organized groups were seen as having vested interests which needed to be repressed if the reforms were to have any chance of being implemented (World Bank 1989; Beckman, 1992). Given the fragmentation dynamic and the presence of diverse groups and interests in society, it seems highly unlikely that centralized dictatorship would provide the political authority necessary for re-building the weakened institutions. Political liberalization and real devolution of power to lower levels of authority are the logical policy frameworks for responding to fragmentation and informalization.

In this regard, there have been shifts in Bank policy towards some support for democratization in recent years as struggles for political liberalization intensified in most African countries in the 1990s, and as major bilateral donors tried to tie international assistance to issues of democratization and human rights. However, the pattern of democratization has been highly uneven and prospects for the creation of stable and effective political authority seem ambiguous because of a failure to rethink the question of power and its distribution among social groups and ethnic/regional formations under new circumstances. As in the policy of structural adjustment, there has been an attempt to impose on these societies a single political formula with strong “winner takes all” electoral arrangements, which might make sense only in relatively more homogenous, stable and economically prosperous societies. Relatively free and fair elections have been held in 10 countries (Benin, Burundi, Cape Verde, Lesotho, Madagascar, Malawi, Mali, Niger, South Africa and Zambia) even though the military has attempted a come-back in two of these, with considerable loss of lives to local populations in Burundi. Civil strife or wars rage on in eight others (Angola, Chad, Liberia, Mozambique, Rwanda, Sierra Leone, Somalia and Sudan). And incumbents have refused to let go of power in a majority of the remaining cases as elections are either rigged or opposition groups are frustrated in long, drawn-out national conferences. Even in countries that have conducted free elections, winning parties continue to flout basic procedures of democratic practices, and it is doubtful whether future elections will be as free as the first ones. Existing institutional arrangements seem unable to mediate interest group and state strategies which will break the deadlock that informs most political processes in the continent. Political authority, the backbone of institutional development, cannot be nurtured under conditions of stalemate.

The key problem is how to ensure that key institutions are sufficiently insulated from the control of any single group, or coalitions of narrowly defined groups, while they continue to serve the public interest. Based on the evidence of social fragmentation and anxieties over exclusion and vulnerability, it would seem counter-productive to impose a single formula of democratization on these societies. Electoral systems and political frameworks would need to be devised that would have in-built provisions for power-sharing among ethnic groups under competitive party arrangements, so that potential losers in electoral contests would not always feel threatened by the possible negative consequences of defeat. These would need to be

backed up by programmes of devolution of real power and resources to the lowest strata of society where groups are much more likely to have effective control over their representatives. Such transparently administered political pacts at various levels of society, reviewed periodically, would allow political parties, interest groups and non-governmental organizations to protect some of the gains they have made in civil liberty in recent years, and deepen their work of mobilization and organization without the ever-present threat of state or opposition violence/arbitrariness, much of which is associated with feelings of insecurity by office holders/seekers and their allies in society. Such arrangements might also allow institutional actors to develop some degree of autonomy from the governments they serve. They might help to demystify the electoral process which currently blocks discussions of other pressing issues of social accountability in the allocation and administration of public resources, and facilitate the nurturing of an independent media and judiciary.

Finally, two conditions are necessary to promote the kinds of institutional reforms discussed in this paper. The first concerns the retrieval of national sovereignty in policy-making from the international financial institutions. Successful national institutions can only be built by those who run, or benefit or suffer from, their operations. External agencies and interests should facilitate, not lead, processes of national development and institution-building. Where national actors have failed to grasp the need for and direction of change, no external force, however powerful and well-meaning, can substitute for the missing national capacity and vision. It will only postpone the necessity of building that capacity. What happened in the 1980s with respect to structural adjustment should not be allowed to repeat itself in the search for effective institutional arrangements to promote economic development and democracy. The second condition concerns the need to approach development issues from a multi-faceted perspective and avoid the temptation to indulge in single formula ideological prejudices. The problems are so complex and the changes underway so profound that a standard prescription cannot work in one country, let alone for all countries. To paraphrase Barraclough’s imagery of markets and states: markets can be good servants when properly supervised, but they have been historically bad masters when they have been allowed to dictate the course of development in social life. The key issue in social development is not whether there should be state or market interventions, but “what kind of interventions and how much” (Barraclough 1991:258).

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