

## ON "AFRICAN PROGRESS"

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I came back from Kenya one and half months ago and I had been working at the Embassy of Japan as deputy chief for three years. I believe that those three years were the most dynamic and exciting period since the independence of Kenya. I went to Kenya in 1992, and at the end of 1992, the Kenya Government implemented general elections under the first multi-party system. After that general election, the Kenyan Government vigorously implemented the structural adjustment policies and economic reforms. What Kenya has done in the sphere of economic reform is tremendous and unprecedented in the sense that, within a very short period of one and half years, Kenya has almost completely liberalized the economy and abolished controls of prices, liberalized the maize market which is a staple food, and liberalized the petroleum products. This is an excellent performance in comparison with other African countries.

Regarding the attached paper, I entitled this paper as "African Progress" because I expect progress and hope for Africa. But "African Progress", "A.P.", could also mean "African Problem" or "African Pessimism". Most of the framework of African Progress has been explained by Professor Ikiara and Professor Cliffe, but I would like to explain my personal view according to the chart.

The first pillar is economic reform which is mostly embodied by market oriented economy, and this can be named liberalization process which we call "Jiyuka" in Japanese. Another pillar is political reform which is embodied typically by multi party politics, which could be named as democratization process, which we call "Minshuka" in Japanese. So "Jiyuka" and "Minshuka", economic reform and political reform are the two pillars which most of the African countries are facing and challenging. I would say this is the two sides of one coin. Professor Cliffe commented that this is somewhat externally prescribed or externally imposed. I agree and also it is the facts of life that many African countries are undergoing these two reform processes simultaneously. This simultaneous implementation of economic reform and political reform is quite a new experience for many African countries and it is giving a strong strain to African countries.

I think the new challenge African countries are undergoing is very true particularly after the fall of the Berlin Wall in 1989. African countries or the African continent in fact has been marginalised by the end of the cold war. Western coun-

tries are not paying as much attention as before to Africa. The second point is that western donors are feeling "aid fatigue" and they are tired of giving aid particularly to African countries because they failed in developing these countries even though they provided a substantial amount of aid during the 60's and 70's.

Another point is that donors, before the end of the cold war, placed more emphasis on economic reforms than on political reforms. However, after 1989, African countries have to democratize their countries in order to receive aid and this democratization process became an additional conditionality to their economic reforms. On top of the conditionality of structural adjustment policies, political conditionality of "good governance" must be cleared. This makes Africa, in an unprecedented manner, difficult to cope with the situation and, whether they like it or not, they are obliged to implement both economic and political reform simultaneously. "Good governance" is composed of many factors; accountability, transparency as well as the openness of the society and people, observation of rule of law and guarantee of human rights etc.

When it comes to economic reform, even after fulfilling conditionality, the situation comes with both negative effects and positive effects. The negative effects can be explained by the poor people or vulnerable people who are hit by the changes by structural adjustment. And sometimes, within a short time period, inflation may soar up and free education or free medical care will no longer be available etc., etc. Inefficient local business will collapse because of a series of liberalisation measures. Then these people become dissatisfied groups against the economic reform. In order to mitigate these negative effect vis-à-vis these vulnerable people or poor people, a "social safety net" must be provided. And for this social safety net, African countries undergoing structural adjustment need resources and funds which could only be supported by donors.

As Professor Ikiara has analyzed in his paper, there are positive effects of structural adjustment. The positive effects by economic reforms are such as liberalized economy with low inflation etc. It is very difficult to judge whether all these positive effects will prevail over the negative effects or not. But the point is that without providing "social safety net", structural adjustment policy will not succeed.

And as to the political reform, a positive effect is the advent of a more open society, wider freedom of speech, wider freedom of the press, etc. But again negative effects should also prevail, such as intensified tribal antagonism, friction among different political parties and newly born civic advocacy organisations, which leads to political instability. Because of the fact that many African countries are tribalistic societies, when they introduce multi-party politics or multi-partism, these parties often represent each different tribe. So the relationship between the governmental party and opposition parties is not that of party politics but the fight among

different tribes. We should not neglect this fact. Even though democratization process has to reach to the stage that solves these conflicts, the democratization process or introduction of multi-partism in African countries are generating more of the conflicts with tribalistic antagonism which leads to the instability of the political system.

So in this process, what is needed is social tolerance for national unity and for more democratic society; tolerance among the people, tolerance among the tribes. However, this is a very difficult thing to expect or to be realised instantaneously.

Under these circumstances, what donors have been trying was to produce "positive linkage". The positive linkage is possible by containing negative effect as much as possible and by encouraging and promoting positive actions taken by African countries. And in order to realize this positive linkage, one of the most important factors is political leadership. Other important factors are public understanding and donor's support. I believe these three factors are indispensable for the success of political reform and for the progress of African countries. However, in reality, these 3 factors are very difficult to be expected in Africa.

Firstly, political leadership has to be strong and leaders should understand the new rule of game, new rule of democracy. But it happens to African countries that the leader or president, who have been elected by general election or multi-party elections may be a man who has lived under the one party system after independence.

As to the public understanding, it is also very difficult. Without providing the people, particularly to the poor people, the tangible fruit or benefits of economic reform and political reform, it is very difficult for them to understand and support economic and political reforms. When people are living on maize every day, they cannot support structural adjustment as long as maize price increases and become unaffordable. On the contrary, when the price of maize will become cheaper by the liberalisation process, people start feeling that economic reform is bringing them some fruit. But up until that time, people tend to believe liberalisation and democratization process doesn't bring them anything good. The more serious thing is that people must pay for the medical care and for their children to go to school. Before the change they were provided free of charge.

Here comes the importance of the donors' support which will make social safety net possible. However, the dilemma is that donors find it difficult to support African countries as long as their democratisation efforts are not satisfactory. Unfortunately, it is often the case with African countries that their political reform efforts are not judged to be satisfactory by many donors. This leads to a serious stalemate of the simultaneous economic and political reforms.

I think structural adjustment policy is indispensable to any country. Without

having a stable macroeconomic framework, it will not be possible to expect meaningful economic growth. The problem of structural adjustment policy is the continuum of programs from the stage of accomplishing a stable macroeconomic framework to the next stage of economic take off. Very often there is no valid recipe other than relying on "invisible hands" of free market economy.

With vigorous efforts in liberalisation of economy, Kenya recorded economic growth after negative growth rate. But from this stage, Kenya is facing a very difficult stage. From this stage how can they make their economy take off? In order to make their economy take off, they have to invite foreign investment, they have to promote exports and reduce their budgetary deficit. I think that both Kenya and donors have to double the efforts so that these economies can take off. However, the situation is very difficult partly because aid fatigue of donors and partly because of political conditionality of good governance which very often can not satisfactorily be cleared by African countries.

For the economic reform, imposition of conditionalities is important and necessary. However, for the political reform, imposition and dictation should be avoided. In order for the political reform to be implemented, African leaders must recognize its importance and appeal the people to share the pain and to "own" the reform process. At the same time donors should be more patient by understanding that the democratisation process could take much longer time in Africa than that experienced in developed countries.

What we have to bear in mind is that we can not control any of these developing countries. The ownership of the democratization and the ownership of the economic reform has to be in the hands of each country's people and government. The government has to persuade its people to share the burden to make their own country more democratic and viable. This is a very important point. This is the reason why Japan's basic policy is to support all these countries which exert their self-help efforts. Without self-help effort, economic cooperation will be in vain. However, the donors can facilitate the democratization process and facilitate the economic reform process. This is what Japan is trying to do. Donors must understand the difficulties of simultaneous reform effort of African countries. With this understanding, Japan transmits its frank and candid opinion to the leaders of African countries so that they would make further efforts. We try with friendly persuasion, try not to impose or dictate democratisation process, because it is very often a lot more productive in overcoming problems and accomplishing targets.

I attach hereto the text of an article entitled "The painful road to a bright future of Kenya", appeared in The Daily Nation dated 20 July 1995. (Appendix) This is my farewell message to the Kenyan Government and to the Kenyan people, who are endeavoring in their simultaneous implementation of economic and

political reforms. I think this is a good example showing an African country's dilemma and how Japan is trying to support the country to overcome the dilemma.

I sincerely hope that African countries will succeed in their simultaneous reform efforts. My message is that a triple understanding is indispensable for "African Progress", ie. understanding by the government leaders, understanding by their own people and understanding by the donors.

## APPENDIX

SPECIAL REPORT

DAILY NATION, THURSDAY, JULY 20, 1995

### **The painful road to a bright future for Kenya**

By MASAHIKO HORIE,  
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In May 1993, Japan decided to take the lead in resuming aid to Kenya but when I signed the exchange of notes to release a balance of payment support aid of US\$78 million in October, a letter, *Open letter to the Japanese government*, appeared in the *Nation*.

The point of the letter was "the Japanese aid is a recipe for disaster because tribal massacres continue and all development efforts are discriminatory and denied to Opposition tribes".

It also emphasised that security, peace and equality come above all else and without these, there can be no good and honest government.

In answer, I wrote that "it was regretted the genuine intention of the Japanese Government to support Kenyans was misunderstood by the writer as a recipe for disaster. It is the basic understanding of the Japanese Government that the guarantee of fundamental human rights as well as proper economic management and financial discipline, would lead to the political and economic stability of Kenya which, after all, would be for the peace and stability of all Kenyans".

I added that "without a solid, stable economy, there can be no real governance nor peace and prosperity for Kenyans". In essence, Japan made a decision to support Kenyans which had begun its serious efforts for political and economic reforms.

I also said that "without a successful Kenya, the whole of Africa would not succeed".

One year and eight months have passed since then and now when I must leave, Kenya and her people whom I loved so dearly, I am convinced the Japanese government's decision was not a mistake nor "a recipe for disaster" but "a recipe for

development”.

In fact, Japan's balance of payment support aid, together with the World Bank's aid, has built a solid foundation to implement Kenya's macro-economic reform measures and has cleared the way for the introduction of the epoch-making exchange rates floating system.

As we all know, inflation has come down from more than 100 per cent to a single digit rate. The Kenya shilling, which depreciated by almost 100 per cent, has regained its value and the confidence of the business people in the country's economy has been restored.

This tremendous improvement was accompanied by the removal of price controls, exchange controls and import licensing, in addition to the liberalisation of the trade in maize and petroleum products, etc.

Though the Kenya government has to tackle even more difficult targets now regarding privatisation of parastatals, retrenchment of the civil service and reduction of the budgetary deficit, I do not think there is any other African country which has done so well in such a short time.

On political reforms, Kenya has succeeded in introducing a multiparty system and the guarantee of human rights including freedom of speech and press have been enormously strengthened in comparison with the situation under the one-party system.

However, incidences such as the forced transportation of tribal clash victims, harassment of Opposition party MPs and journalists and the bottlenecks put in the way of new party registration and constitutional reform are regrettable.

The Japanese government strongly wishes a new progress in the democratisation process through improvements in this areas.

Many African countries are facing the challenge of achieving both political and economic reforms. Even though this simultaneous efforts are complicated and often painful, the end result if both are carried out will benefit all.

And now as I leave, I advice all Kenyans not to underestimate their achievements but be proud of them.

However, they must be aware that theirs is like mountain climbing—one slip and they could be back at the bottom.

The people must also commit themselves to promoting good governance through the democratisation process with a multiparty system and to implement economic reforms if the economy is to take off and reduce poverty.

Western donors do not impose anything on Kenya. It is a fact that there no longer exists any option for the country if things have to improve.

When a more or less solid macro-economic framework has been established by vigorous economic reform efforts, more efforts must be made for political reform



so that the two wheels of a vehicle will turn together smoothly.

Put another way, building proper democratic institutions through constitutional reform, amending old laws and regulations put in place during the one-party era as well as further moves to give the press more freedom and airwaves are vital.

It is desirable that more dialogue will take place between the government and the Opposition parties. The opposition parties should also fulfil their responsibility by formulating constructive policy proposals.

Even though many of the negative political issues mentioned earlier could be regarded as "labour pains" for democratisation, it does not mean that Kenya can stop or backtrack in these process.

I sincerely wish that the Kenya government will continue to make steps toward sharing the pain together with all Kenyans for the sake of the country's future. It is only after this that a real democratic nation will be born which all Kenyans can be proud of.

Japan wishes to continue supporting all Kenya's self-help efforts especially those hardships caused by Structural Adjustment Programmes and in the democratisation process so as to bring about what we call "positive linkage".

### African Progress

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