Constructive Contestation: Reassessing the State-Business Relationship

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The advent of the 1980s is practically synonymous with the turn towards neo-liberal economic policy. The course of that decade and the collapse of the Soviet Union which followed presaged a radical reassessment of the role of the public and private sectors respectively in generating economic growth and development. Across much of the developing world, many of those sympathetic to the programmes of the international financial institutions (IFIs – the World Bank and the IMF) argued that the private sector, as the presumed avatar of market forces, ought to be given a more prominent role in shaping economic outcomes, while the role of state should be drastically curtailed. Two decades on, it is evident that this attempt had mixed outcomes, not simply in terms of growth, but even in terms of how much influence business actually achieved in shaping economic policy in reforming countries.

To wit: At the start of the 1990s, the governments of both Ghana and Zambia were regarded as two of the most radical neo-liberal reformers in Africa. By the end of that decade however, the impact of the business community as a whole on economic policy-making in those two countries was negligible. By contrast, in the early 1990s, neither the new government in South Africa nor Mauritius appeared likely supporters of neo-liberalism, and the IFIs enjoyed little policy leverage in either country. Moreover, in both of the latter two instances, the state had little inclination to regard business as a policymaking partner but instead regarded business with some degree of hostility. Nonetheless, a decade later in these two countries business did have a significant and sustained impact on economic policymaking.

How do we explain these strikingly divergent results and what has – or has not – changed in the intervening decade? Many are inclined to blame (or credit, depending on their ideological inclination) the IFIs for Africa's policy outcomes in recent decades. In my view, these policy outcomes differed for reasons only partly to do with the World Bank. Rather, policy-making in each instance was decisively characterised by the interaction of two crucial sets of domestic institutions. In South Africa and Mauritius, both business and government respectively displayed high levels of capacity to engage in a robust and sustained set of exchanges concerning policy; to wit, business-government interactions resembled what I call *constructive contestation* of policy. In Ghana and Zambia by contrast, the process more closely resembled neo-patrimonial collusion. Over the course of the last decade, patterns in these societies continued to evolve, a process I allude to further below.

These differences are enormously consequential: policy processes are strengthened where the state is forced to engage in considered, inclusive consultation with important social actors (business in this case). All things being equal, constructive contestation is more likely to produce policy that serves the interests of a wider slice of the population than neo-patrimonial collusion and it is this concept therefore that forms the focus of this article. After all, it is ultimately these home-grown interactions which are crucial to long term development prospects. In many senses this confirms an old truth: that development is, first and foremost, about domestic actors. Nonetheless, it is true that it is only by thinking internationally – by which I mean embedding our analysis of South African developments within a broader understanding of developments in other African and developing country cases – that we can develop a more nuanced understanding of what drives political and economic development in any one society.

This article is based on analysis developed in my 2008 book, *Business and the State in Africa*.[1] There I lay out in some detail the empirical foundation of my arguments, proceeding via a close historical analysis of business-government relations in the four states over a number of decades. I will not try to reproduce that here. Instead I focus on the idea of the constructive contestation of policy by business, what this means and when and how it emerges. I begin with matters of definition.

Constructive contestation

The phrase "constructive contestation" describes a particular kind of domestic policy-making interaction. First of all, it signifies a genuinely *contested* process. Historically in both South Africa and Mauritius, business and government often articulated very different conceptions of what optimal economic policies were, and their engagements over the content of that policy were not always friendly. Indeed relations between business and government were at times marked by mutual suspicion. This is in contrast with Ghana and Zambia post independence and into more recent periods too, where elements of the business community were instead very close to government – perhaps overly close – and their interactions often conducted on a highly personalistic basis.

The second element of the interaction is also important, however, namely that the policy interactions were *constructive*. Government's interactions with business were beneficial not only for the policymaking process but were also constructive in an architectural sense, viz. they had the quality of actively constructing a particular kind of business community. In observable (if often unintended) ways, the states of Mauritius and South Africa fortified the ability of organised business to develop and defend a distinct set of interests. Moreover, while the state often disliked business, the interactions between the state and business were nonetheless regularised and institutionalised. By contrast, in Ghana and Zambia, the few business-people who enjoyed the favour of the state met with their political connections behind closed doors and struck individual bargains that suited only their own interests. The rest of the business community enjoyed little systematic access to policymakers. This resulted in the fracturing of the business community – a process unlikely either to foster the development of a powerful business class or to produce policy in the public interest. This suggests, then, that states may be stronger (i.e. more developmentally effective) when they are weaker (i.e. constrained or bounded in their policymaking discretion).

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There is another important respect in which an apparent weakness may in fact constitute a source of strength viz. with respect to ethnicised divisions, often regarded as unambiguously detrimental to economic prospects. In very particular circumstances these divisions might serve to strengthen the capacity of business to serve as a robust policy interlocutor. Historically speaking, in both Mauritius and South Africa, racialised and ethnicised cleavages effectively generated a kind of de facto power-sharing arrangement between business and the state, splitting power between two separate economic and political spheres[2]. Public and private actors were thus forced to balance against each other, and their interaction was charged with a small but healthy dose of opposition. By contrast, in Ghana and Zambia, from the independence era on, there were few political imperatives for the separation of political and economic power or for the one to serve as a check on the other. The workings of the neo-patrimonial state instead resulted in a fusion of political and economic elites, and policymaking strayed far from anything resembling the broader public interest, converging instead on the very particular needs of that small circle of overlapping elites.

It is important to say, however, that ethnicity per se is not the crucial feature of this dynamic; nor is it unchanging over time. Rather, its significance is as a mechanism that serves to separate out the interests and functioning of the political and economic elites respectively. There are obvious dangers here. Ethnicised hostility can easily tip into devastating social conflict as it has on occasion in both South Africa and Mauritius. Likewise, the expulsion of Asian traders from a number of African countries in the early post-independence period reminds us of the potential costs to a politically conspicuous – but in every other respect weak – ethnic minority.[3] There is evidence too that ethnicity can lend itself to the politics of exclusion and "pork."[4] The significance of ethnicity then lies in whether or not it can contribute to the emergence of a robust and coherent business community with a distinct sense of its own interests vis-à-vis the state and hence contribute to a delicate balance in policy-making. Doner and Schneider argue for example that "ascriptive or ethnic linkages can make the potential group more homogenous and hence … easier to organise." A strong sense of group identity may foster trust and hence assist in compliance with organisational policy, consolidating effective private sector associations,[5] and augmenting their capacity. Of course, it is entirely conceivable that other, less destructive mechanisms could perform the same functions – at least as well, if not better. Indeed, such an outcome is not only conceivable but undoubtedly preferable.

It is, in the end, the balance of power that is key, and this is unlikely to occur where business is so weak that the state can unilaterally act as it chooses nor where business is so strong that the state simply rolls over and does as business wants. Rather, it requires energetic policy contestation between two relatively well-matched protagonists, and demands that each player is both structurally powerful enough and organisationally efficient enough that its views are taken seriously. What conditions then are likely to produce constructive policy contestation? The first requirement is a relatively high level of state capacity.

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The state of the state

State capacity has received significant academic attention over the last thirty years.[6] Hobson and Weiss define state capacity as "the ability to mobilize and coordinate society's resources in such as way as to augment the overall investible surplus (and ultimately raise living standards)."[7] The focus here is clearly on a state's developmental capacity and, in addition to the penetrative and extractive dimensions of state power, these authors stress – as I do – the importance of negotiated power, arguing that "state strength increases with the effective embedding of autonomy."[8]

A wide range of analysts agree that the capacity of African states to develop their economies has generally been low.[9] Nonetheless, across much of the continent, the state has been especially important in shaping indigenous business communities for two reasons. First, decolonisation in the late 1950s and early 1960s coincided with the apogee of development economics. Newly independent African states came of age in an international context that approved state-led, import substitution industrialisation development models. Most inherited very weak, small indigenous business communities but, in terms of the conventional wisdom of the day, this was regarded as no great obstacle. Governments employed a range of strategies to develop their economies. The constellation of social cleavages in each territory and how these mapped onto struggles over economic and political power would determine exactly how these instruments were employed and to what effect.[10] The result was often to place a large amount of discretion over the functioning of the market in the hands of a few state-based actors.

Second, the African state was unusually influential in and of the formation of the African business class not only because of this late, late industrialisation context, but also because of its particular character viz. neo-patrimonial. Perhaps the most influential description of a neo-patrimonial state is Nicolas van de Walle's. He describes a situation where:[11]

> [o]utwardly the state has all the trappings of a Weberian rational-legal system, with a clear distinction between the public and the private realm, with written laws and a constitutional order. However, this official order is constantly subverted by a patrimonial logic, in which officeholders almost systematically appropriate public resources for their own uses and political authority is largely based on clientelist practices, including patronage, various forms of rent-seeking and prebendalism.

Van de Walle is talking explicitly here about the state, but bear in mind that this state actively structures the economic context for all social actors. The subversion of institutional authority and self-interested behaviour he describes is not unique to state officials; such dynamics equally describe how politically-connected businesspeople behave in a neo-patrimonial political economy where the distinction between the public and private realm – and the public and private sectors – may virtually disappear.

Neo-patrimonialism is thus not restricted to the state. Neither is it ineluctable. Rather, it arises out of ongoing and context-specific tussles between leading political and economic actors. The social cleavages that may carve up political and economic power – or fuse them – in any one society, play into these struggles and are similarly dynamic. History matters therefore for the institutions that develop and for the milieu that they generate, and there are certain, clearly identifiable conditions that will make neo-patrimonial outcomes more likely. Chief among these is the extent to which a state with relatively low levels of capacity succeeds in monopolising policy-making.

The first question then to consider at any given moment is whether the role and power of the state is being buttressed *at the expense of other political and economic actors.*[12] Here it is not just the level of intervention by the state in the economy that is important, but the character of that intervention too. What kinds of functions, responsibilities and powers does the state assume? In particular, is its intervention in the economy developmental or neo-patrimonial, and does it bolster or curtail the institutional capacity of the private sector?

One of the key determinants of the state's character operates via its revenue stream: Can the state safeguard its economic interests merely by controlling the leading sub-sector of the economy, or does it have to negotiate with a wide range of disparate actors situated across different sub-sectors of the economy to secure its tax revenue? Are there incentives in place that might induce a state to diversify the economy? Finally, are there external sources of funding (such as international development aid), which allow the state to ignore domestic economic actors? All of these factors will determine the extent to which the state negotiates policy with other local actors.

The nature of business

While acknowledging the importance of state capacity to economic development, we must consider also the capacity of business. The markers of business capacity differ from those for the state, but contribute likewise to the mobilisation of societal resources in a way that adds to, rather than merely consumes, available surpluses.

Perhaps the most obvious prerequisite for business capacity is structural power i.e. the power that comes from the private sector's actual weight in the economy. One of the clearest predictors of business capacity is the existence of an "independent economic base" for the private sector.[13] If business is sufficiently resourceful to direct and fund its own organisation without recourse to the state or external donors, it is in a far stronger position to negotiate with the state. This in turn will reflect in large measure how influential the private sector – as opposed to the public sector – is in the national economy. As a rule, the more businesspeople rely on the functioning of the markets for their profitability, the greater their capacity (both as accumulators and political actors) will be.[14] This requires that, in its everyday functioning, business does not depend for its success on political fealty to the ruling party.[15]

The structural power that business enjoys in the economy both facilitates and is enhanced by organisational effectiveness. In particular we should look for dynamic, responsive and encompassing business associations i.e. organisations that can speak for a wide range of business interests in a national economy. Here we should consider such factors as the extent to which the administration and activities of organised business are institutionalised and considered legitimate. We should focus on business' capacity to develop and respond to policy initiatives and to lobby policy-makers on these. With respect to the latter, we must distinguish between business influence which is exercised via formal, transparent and legitimate institutions, and the behind-the-scenes, personalised influence sometimes enjoyed by individual business-people. These two forms of influence have very different content and outcomes. The first builds the capacity of the organised business community and may sharpen the responsiveness of the state. The latter has the tendency to weaken and divide business-people from each other and to further corrupt the political economy.

Further, a business community should include a diversity of interests within its own ranks and have the capacity to effectively manage that diversity.[16] Crucial here is the organisational capacity to generate and pursue pan-business positions i.e. the ability to cohere as a set of political actors. A key component of capacity is thus the ability of business to resolve conflicts, not only with the state and labour, but within its own ranks too, and to develop policies that serve the interests of business more broadly. How difficult this task is depends on the structure of both business itself and of the economy in question. What is important, however, is that there is a process of internal contestation of policy too, to mirror business' own external contestation of the state.

Finally, a minimal level of autonomy for business (autonomy from the state in particular) is also an important component of business capacity in Africa. Atul Kohli has written that a key feature of a developmentally effective modern state is "a well-established public arena that is both normatively and organisationally distinguishable from private interests and pursuits."[17] One might invert his object and subject and argue that, similarly, a developmentally effective business community operates within a well-established private arena that is both normatively and organisationally distinguishable from the interests and pursuits of the state and the ruling party.

the nature of business and the kind of autonomy it enjoys is profoundly shaped by its relationship with the state and the nature of that state. After all, in and of itself, a low level of autonomy for business – say, where the state in question is more developmentally inclined – might still produce better policy-making outcomes than a scenario in which business has an equivalent level of autonomy but the state's neo-patrimonial tendencies are more pronounced.

In a region where the norm more closely approximates a fusion of political and economic elites, some autonomy is thus a necessary but not sufficient component of business capacity. Because the state looms so large in much of Africa and frequently assumes a neo-patrimonial aspect, it is crucial that business organisations secure some "space" within which they can develop a distinct sense of their own interests. I should stress however that the concept of autonomy only makes sense in a relational context.[18] Autonomy is not isolation or solipsism.[19] More concretely stated, the nature of business and the kind of autonomy it enjoys is profoundly shaped by its relationship with the state and the nature of that state. After all, in and of itself, a low level of autonomy for business – say, where the state in question is more developmentally inclined – might still produce better policy-making outcomes than a scenario in which business has an equivalent level of autonomy but the state's neo-patrimonial tendencies are more pronounced. Indeed, the level of autonomy and the nature of the state are related in the sense that a highly neo-patrimonial state is unlikely to permit significant levels of political autonomy for business. Nonetheless, business autonomy per se is not inconsequential: it is striking that the business communities of South Africa and Mauritius evince significantly higher levels of autonomy than their counterparts in Ghana and Zambia (or indeed in most other African countries) which have very little capacity to constructively contest policy.

There are, then, four related characteristics to monitor with respect to the private sector: is the private sector i) growing more powerful within the economy and, in its own organisation, is it becoming ii) more institutionalised, iii) more diverse and iv) more autonomous? Four affirmative responses would likely significantly increase the sector's capacity and willingness to engage the state on crucial policy questions. Business would be increasingly empowered, both as a significant economic actor in its own right and as an interlocutor in policy disputes, to shape the course of decision making. Moreover, business' practices and modes of organisation would be directed on and driven largely by developments in the economic sphere.

The answers to these four questions for South Africa over the last decade would be mixed, probably producing a more critical assessment of trends in the business-state relationship than those I drew for the early 2000s. By contrast, the same four questions applied to Ghana would likely indicate significant recent improvements in the capacity of both the state and private sector.

Historically, contestation and the establishment of private spheres of autonomous economic activity have been central to the emergence of a broadly-based and responsive state.

Comparatively speaking

There is some evidence for the importance of constructive contestation in cases from outside of the region. In his study of neo-liberal reforms in Brazil and Venezuela, Schneider, for example, finds real value in contested policy processes. He contrasts the slower, negotiated course of economic reforms in Brazil with the much faster, "reform by decree" process of Venezuela, concluding that "[t]he tortoise bests the hare once again: resolute governments that push policies diligently through multiple veto points are better at consolidating reform than decisive ones."[20] The reason for this is that constructive contestation can solve two key obstacles to reform: the significant transaction costs of dragging unwilling social actors along in a reform process, and imperfect information about what is really going on in the market (a problem for technically weak states with few means of effectively penetrating their societies).

The importance of contestation, however, lies also in the way that it re-shapes the state itself.[21] Historically, contestation and the establishment of private spheres of autonomous economic activity have been central to the emergence of a broadly-based and responsive state. Acemoglu *et al.* for example link the rise of constitutional monarchy in England and the Netherlands to the inability of those states to completely dominate their nationals' involvements in the Atlantic trade. Limited constitutional rule created a more effective state, which could better pursue further economic development.[22]

Contestation can re-make the private sector too, providing strong incentives for business to invest in institutionalisation. In an argument that parallels my own, Schneider argues that business in Mexico was motivated to invest in business associations precisely because it was excluded from the politics of the ruling party; the absence of personal connections between businesspeople. Indeed, he argues that it was the hostility of the Mexican state which motivated business to organise effectively to defend its long-term interests.[23] A similar pattern was evident in the relationship between successive Chilean governments and business, and in the relationship between the Korean government and the federation of Korean Industry. In all of these instances, however, animus alone was insufficient. It was crucial, too, that business enjoy some structural power in the economy, so that it could not easily be swept aside by a hostile government. Equally, it was important that access to government remained institutionalised.[24] The capacity then of both public and private sector institutions counted.

In addition to contestation (especially institutionalised contestation), there are other processes that may check neo-patrimonial tendencies, even in situations without optimal private sector capacity. The example of Mauritius considered alongside the recent history of certain East Asian cases suggests the importance of production for export markets in orienting private sector firms toward efficiency rather than rents, as Amsden argues.[25] An export market provides an objective means to assess which firms are producing efficiently; a developmentally minded state could then choose to reward high performing firms, as the Korean state did. [26] This is a very different approach from that adopted by the Ghanaian and Zambian states, whose subsidies to firms in the 1960s and 1970s increased even as those firms continued to fail, but it is not far from the spirit of what the Mauritian government undertook in many of its policies. Similarly, an economy like South Africa's which is highly internationalised can send important signals about the types of policies and modes of production that are likely to prove globally competitive. Moreover, the "veto" power of international markets may restrict the capacity of the state to make policy as it wishes. One should not therefore overlook the role of transnational capital.

Conclusions

For some time, those concerned with development in Africa have focused their attentions largely on the deficiencies of the African public sector. We have perhaps not considered fully those of the private sector. What is striking about African economies is how often there simply is no significant indigenous private sector with the political and economic capacity to engage constructively the state on economic policy issues.

This dearth of capacity affects how the interests of the dominant classes are conceived of and pursued, and no amount of neo-liberal reforms on their own can remedy this. The underlying dynamics of the system in such cases reward those entrepreneurs who seek profit via a relationship with the state and may penalise those who try to push the state to lay an institutional basis for long-term development. What does this mean for the prospects of any developmental policy-making relationship between business and government in Africa? At the very least it warns that the path to development may be even more difficult than at first anticipated.

This perspective does suggest some solutions however. To start, we should avoid reifying the existing state of business-government relations. Because a relationship is currently dysfunctional for economic development does not mean it will necessarily remain so, and vice versa. Neo-patrimonialism can wane as well as wax. Given this, one potential solution would be to reform the political economy in a more liberal direction. This route would de-emphasise the role of the state and instead focus on creating space for the private sector to develop a distinct sense of its interests. If we are to avoid the oversights of the neo-liberals, however, we need to recognise that business may be as flawed as the state. Indeed, the two actors may resemble each other closely both in how they understand their interests and in how they behave. The challenge then is to uncover incentives that will force business-people to shift their focus away from the state, and to engage with a broader set of interests. This could occur in a number of ways, including building up the organisational capacity of business; institutionalising internal forms of contestation; structuring business' interactions with the state (so that they take place in formal, regularised and publicly accountable ways); and strengthening the voices of other actors in the society (such as labour and those who represent the interests of the poor and the unemployed).

The second potential solution is to head in a more developmental direction, namely to try to 'fix' the state. Given how important the state is in establishing the milieu within which business must operate, this may be a more rewarding avenue. What is vital here is to maintain – or introduce – some form of policy contestation by a broad range of economic and social interests who cannot easily be ignored. Otherwise the constant danger is that an unchecked developmental state could slide into crony capitalism as it did in parts of East Asia in the late 1990s.

What are the options where the neo-patrimonialism of the state appears to be growing or is already entrenched? Can the rent-seeking of those in the state evolve into something more likely to facilitate the conditions for productive capitalism? Ruth McVey suggests one means: the self-interested behaviour of civil servants.[27] She argues that the uncertainty of having to rely on volatile politics may lead bureaucrats to diversify into business in an attempt to spread their risk. As the creatures of the state move into business, they may seek to secure their investments; this might require, for example, measures to protect private property and the rule of law, measures that would safeguard and promote the interests of a politically and economically influential business community. In so doing, these political actors might lay the basis for the development of a more distinct and broadly based capitalist class. Alternatively they may instead further foster neo-patrimonialism.

Nonetheless, as South Africa and Mauritius have demonstrated at key points in their history, African states and businesses can negotiate a relationship characterised by constructive contestation. Indeed, one of the best descriptions of this dynamic comes from Meillassoux's account of "merchant society" in pre-colonial West Africa, where:[28]

> entrepreneurs knew that their productive activities, the commercial organizations they controlled and the economic institutions they dominated, were necessary to the general acquisition of wealth, and the princes knew it too. The wealth of the merchants did not consist of accumulated treasures which could be seized, once and for all. It was built on a constant process of production of consumer goods and on the uninterrupted flow of exchanges … [T]he warrior classes had no choice but to 'protect' them; they could sometimes tax them or extract them, but they could never destroy them without depriving themselves of the benefits of this wealth.

The challenge for African businesspeople today is to negotiate a similarly productive interaction with their modern-day states.

NOTES

1 Antoinette Handley, Business and the State in Africa: Economic Policymaking in the Neo-Liberal Era (Cambridge: Cambridge University Press, 2008). My research for that book was supported by funding from the Fulbright Program; the Center of International Studies, Council of Regional Studies, Graduate School, MacArthur Foundation and Woodrow Wilson Fellowship at Princeton University, the Irving Louis Horowitz Foundation for Social Policy; the Institute for the Study of World Politics; and the Connaught Start Up and New Faculty programs at the University of Toronto. I am grateful for CUP's permission to reproduce material from the book.

2 This took somewhat different forms in the two societies. For much of Mauritius' history, economic power has been firmly held by the Francophone community while Mauritians of Indian origin have dominated political power since independence. In South Africa prior to the advent of universal suffrage in 1994, white English-speakers dominated the economy and (white) Afrikaners effectively occupied the state. This began to shift in the late 1980s as a result of structural changes in the economy as the interests of Afrikaner and English-speaking South African increasingly converged. Post 1994, white South Africans have continued to own most of the economy, while the advent of democracy granted Black South Africans control of the state. Black Economic Empowerment policies notwithstanding this is still largely the case, although those policies are beginning to shift the relationship between at least sections of the private sector and the ruling party. More on this later.

3 Paul Kennedy, African Capitalism: The Struggle for Ascendancy (Cambridge, UK: Cambridge University Press, 1990; reprint, 1990), 71..

4 James D Fearon, "Why Ethnic Politics and 'Pork' Tend to Go Together" (paper presented at the "Ethnic Politics and Democratic Stability" conference, Wilder House, University of Chicago, May 21-23 1999).

5 Richard F Doner and Ben Ross Schneider, "Business Associations and Economic Development: Why Some Associations Contribute More Than Others," Business and Politics 2, no. 3 (2000).

6 Michael Mann, "The Autonomous Power of the State: Its Origins, Mechanisms and Results," in Political Geography: A Reader, ed. J Agnew (London: Arnold, 1997); Theda Skocpol, "Bringing the State Back In: Strategies of Analysis in Current Research," in Bringing the State Back In, ed. Peter B Evans, Dietrich Rueschemeyer, and Theda Skocpol (Cambridge: Cambridge University Press, 1985); Linda Weiss and John M. Hobson, States and Economic Development: A Comparative Historical Analysis (Cambridge, UK: Polity Press, 1995).

7 Weiss and Hobson, States and Economic Development: A Comparative Historical Analysis, 4.

8 Ibid., 7.

9 This is a potentially very long list. It ought to include at least Goran Hyden, Beyond Ujamaa in Tanzania: Underdevelopment and an Uncaptured Peasantry (London: Heinemann, 1980); Atul Kohli, State-Directed Development: Political Power and Industrialization in the Global Periphery (Cambridge, UK: Cambridge University Press, 2004); Crawford Young, African Colonial State in Comparative Perspective (New Haven: Yale University Press, 1994).

10 See for example Nicola Swainson, "Indigenous Capitalism in Postcolonial Kenya," in The African Bourgeoisie, ed. Paul M Lubeck (Boulder, Colorado: Lynne Riener, 1987).

11 Nicolas van de Walle, African Economies and the Politics of Permanent Crisis 1979-1999 (Cambridge, UK: Cambridge University Press, 2001), 51-2.

12 I am employing a conception of capacity here which is not coterminous with state power. Developmental capacity is not zero sum i.e. one party's capacity does not necessarily increase at the expense of every other party's. On the contrary, rising levels of state capacity may stimulate further capacity development within business – and vice versa.

13 This is analogous to Barrington Moore's notion of what is necessary for a bourgeois revolution. Barrington Moore, Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World (Boston, MA: Beacon Press, 1966), xv.

14 This is the direct corollary of Catherine Boone's argument concerning the political autonomy of rural elites. Catherine Boone, Political Topographies of the African State: Territorial Authority and Institutional Choice (Cambridge, UK: Cambridge University Press, 2003), 23.

15 It is here, and with respect to the growing importance of winning government tenders to the profitability of an important swathe of the private sector that there are growing grounds for concern.

16 Diversity can and should take a number of forms including the size of firms, the sub-sector in the economy in which they operate, and their ownership and managerial structure, and it should include both those that are domestically- and those that are export-oriented.

17 Kohli, State-Directed Development: Political Power and Industrialization in the Global Periphery, 9.

18 Feminist theorists have made a similar observation about the autonomy of individuals. Cf. Jennifer Nedelsky, "Reconceiving Autonomy," The Yale Journal of Law and Feminism 1(1989).

19 Personal communication with Amanda Dickins.

20 Ben Ross Schneider, "Organizing Interests and Coalitions in the Politics of Market Reform in Latin America," World Politics 56(2004): 466. Italics mine.

21 It is significant that in both Mauritius and South Africa organized labor also contested policymaking with government.

22 Daron Acemoglu, Simon Johnson, and James A Robinson, "Institutions as a Fundamental Cause of Long-Run Growth," in Handbook of Economic Growth, ed. Philippe Aghion and Steven N Durlauf (Amsterdam: Elsevier North-Holland, 2005), 452-7.

23 Ben Ross Schneider, "Why Is Mexican Business So Organized?," Latin American Research Review 37, no. 1 (2002): 87.

24 ———, Business Politics and the State in Twentieth-Century Latin America (Cambridge, UK: Cambridge University Press, 2004), 16, 199.

25 Alice Amsden, Asia's Next Giant (New York: Oxford University Press, 1989). Cited also in Doner and Schneider, "Business Associations and Economic Development: Why Some Associations Contribute More Than Others."

26 Amsden, Asia's Next Giant.

27 Ruth McVey, "The Materialization of the Southeast Asian Entrepreneur," in Southeast Asian Capitalists, ed. Ruth McVey (Ithaca, USA: Cornell Southeast Asia Program, 1992).

28 Claude Meillassoux, The Anthropology of Slavery: The Womb of Iron and Gold trans. Alide Dasnois (Chicago IL: University of Chicago Press, 1986), 254-5.

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