Botswana: A Development-Oriented Gate Keeping State

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INTRODUCTION

Botswana has been hailed as an African economic success story and growth miracle as the country has experienced the fastest long-run economic growth in the world during the last four decades (see e.g. Acemoglu et al. 2003; Beaulier and Subrick 2006; Iimi 2006; Leith 2005; Mpabanga 1997; Samatar 1999). Its successful growth record has been paired with a well functioning state structure, with the government spending roughly 40% of GDP on social development, primarily infrastructure, health care and education (Acemoglu et al. 2003: 85). Meanwhile, the institutional structure of Botswana has been questioned and criticised. It has been claimed that the country still has a long way to go before it is economically and socially developed. Causes of concern have been, for example, diamond dependency, lack of economic diversification, urban bias, unequal distribution of resources, limits to the democratic system, discrimination of minority groups, dominance of the existing political and economic elite, and failure in fighting the AIDS epidemic (see e.g. Allen & Heald 2004; Good 1993, 1994; Gulbrandsen 1996; Heald 2005; Hillbom 2008, 2010; Jerven 2010; Lekoko & van der Merwe 2006; Makgala 2006; Nthomang 2004; Phaladze & Tlou 2006; Samatar 1999; Wikan 2004).

The combination of economic success and social development has lead scholars to discuss Botswana in terms of an *African developmental state* thereby implying kinship with the East Asian developmental states (see e.g. Makandawire 2001; Maundeni 2001; Mbabazi and Taylor 2005). The analytical concept of the developmental state has some very specific characteristics: A) It is a planned capitalist economy supporting private property rights and market relations; B) It actively promotes the expansion of the private sector; C) It enforces forceful and focussed industrialisation strategies; D) It is committed to achieving economic growth and structural transformation through industrialisation and diversification of the economy; E) State actors driving the transformation process are primarily members of an independent and purposeful bureaucracy (see e.g. Amsden 1989, 2001; Johnson 1982; Wade 1990). Admittedly, Botswana is an open capitalist economy in favour of private property and open markets, and there have been some attempts at forwarding private entrepreneurship. I argue, however, that continued natural resource dependency, failure to build a strong private sector, the lack of thorough industrialisation strategies and the on-going close connection between the government bureaucracy and the cattle-keeping elite must disqualify Botswana from being a developmental state. The East Asian developmental state model is very specific and applicable only to a minority of developed and developing countries. Instead of watering it down to fit a broad range of development processes, the concept should keep its distinctive features or it risks losing in explanatory value.

Instead of twisting the developmental state concept, a different conceptual framework is needed for analysing the state in Botswana, a framework that can explain the existing case of economic growth and social development, but also lack of structural transformation. Consequently, the *gate keeping state* originating in the writings of Frederick Cooper (2002) is presented as more fitting for analysing the state in Botswana. It is signified by: A) Limited state ambitions; B) Natural resource dependence; C) Dual society; D) Limited social development; E) The state sector dominating the economy; F) The state being controlled by economically and politically strong elites. While there is a dichotomy between the two state models, individual states can be in transition between them, although it is not considered that Botswana is in such a transition.

The aim of the paper is threefold. First, to show why Botswana cannot be considered a developmental state. Second, to discuss and elaborate the gate keeping state concept. Third, to apply the gate keeping state model to the case of Botswana. It is hoped that the analysis of the characteristics of the Botswana state can be the start of a theory building process whereby the gate keeping state concept can be elaborated into a well-founded theoretical model that can be used to analyse other African states in the future.

THE DEVELOPMENTAL STATE

The developmental state theory launched in Chalmers Johnson's (1982) analysis of economic development in Japan emphasises institutional change. Theoretically, it resonates with institutional theory, claiming good institutions and good governance to be fundamental for development (see e.g. Commons 1995; Greif 2006; North 1990, 2005). It also coincides with the core of development economics in emphasising structural change to be a requirement to reach economic development as opposed to economic growth (see e.g. Kuznets 1955, 1973; Lewis 1954, 1955). Since the launch of the concept, the developmental state has been discussed, developed, used and misused by a number of scholars. It has been empirically expanded to explain the growth miracle with industrialisation in a number of countries in Pacific Asia from the 1960-70s. Alice Amsden (1989) termed it ‘industrializing though learning’ in her work on South Korea. Robert Wade (1990) focuses on the way allocation decisions were divided between markets and the state in Taiwan with comparisons to Japan, South Korea and Hong Kong. It has also been the basis for comparison between more recent Asian developing economies such as China, India, Thailand and Malaysia, on the one hand, and stagnating Latin American economies of Argentina, Brazil and Mexico, on the other (Amsden 2001).

More recently, researchers searching to highlight the economic growth progress of certain African countries such as Botswana, Mauritius and Uganda have written about the African developmental state. It has been claimed that Botswana has incorporated elements of the original development state model, thereby being ‘developmental’ in its aspirations and economic performance. While the use of the theoretical framework in contemporary Africa has been problematised extensively, the concept of the developmental state has been adjusted and kept (Lockwood 2005; Makandawire 2001; Maundeni 2001; Mbabazi and Taylor 2005, Meisenhelder 1997). The position taken here is that it should instead have been dismissed in favour of finding an alternative, and more relevant, theoretical model.

The original developmental state concept has some distinct characteristics. It operates a planned, as opposed to regulatory, economy within the capitalism economic system emphasising the development of private property rights and an open market. This is the basis for the developmental state, but not all planned capitalist economies meet with the rest of the criteria. The state has explicit and purposeful strategies for supporting entrepreneurship and market expansion in the private sector. The development of a strong private sector is a goal and the state is prepared to intervene in order to meet its overall targets and commitments. The main state interventions are centred on a selective industrial strategy whereby industries that are deemed essential for national growth and development are targeted with investments and import substitution policies. The scheme of protecting a developing industrial sector through import substitution measures is, however, not specific to the developmental state. On the contrary it has been tried by many developing countries, but often it has been an ongoing support of an inefficient sector unable to compete. While the developmental state consciously supports selected industries at an initial stage giving them room to become competitive this strategy is a step on the road to export orientation. The state’s key role is to achieve economic growth and to create structural transformation of the economy, primarily through industrialisation and diversification. Industrial strategies are constructed and promoted using central pilot institutions, such as Ministry of International Trade and Industry, MITI, in Japan. They act as think tanks and channel investments to industries with high growth potential and attract foreign direct investments to the export sector (Johnson 1982: chapter 1).

A developmental state gains legitimacy through its ability to promote and sustain development, using growth and structural transformation as means to achieve social development and modernisation. Through its characteristic strategies it aims at economic development as described by Arthur Lewis or Modern Economic Growth (MEG) as defined by Simon Kuznets. This first generation of development economists had a broad socio-economic understanding of development. The foundation was economic growth, but growth could only be turned into economic development if it was paired with structural change of society at large. Lewis' (1954, 1955) idea was that by moving resources from the low productive non-capitalist sector to the high productive capitalist sector they would yield higher returns, which would translate into structural change of the economy and improved standards of living for the large majority of the population. Kuznets (1973) in turn argued that the end goal for any contemporary society is MEG, which is characterised by technological advances, high rates of growth, a rise in productivity and structural transformation of the economy, society and ideology. In sum, it is the equivalent of Lewis' economic development. With such demanding definitions of economic development and modernisation, it is only a very exclusive group of mostly Pacific Asian countries, to a high degree correlating with the developmental states, that have become developed since World War II (Adelman 2003: 17-18). The experience from the past is, however, that the industrialisation of Western Europe and North America followed other paths of development. The developmental state is one, but not the only, way to economic development, and for many developing countries it may never be an option.

The kind of economic development envisioned by the developmental state can only be realised through appropriate and specific government strategies. As the development project is set on a national level and in the long run is to benefit all sections and sectors of society, it has to be performed by an independent authority not guided by special interests or in the hands of elites. The state bureaucracy has to be autonomous from economically and politically influential groups, and administrators must recruited on the basis of merit rather than loyalties or connections. Obviously, there are both institutionalised and individual connections between state bureaucracy and politicians, but fundamentally the bureaucrats dominate political leaders rather than the other way around. It is crucial for the balance of power that connections between the bureaucracy and the private sector are equally strong. As the development of private enterprise is encouraged by targeted strategies, and strategic industries are given preferential access to government, the private sector becomes a powerful counter weight to the state sector (Johnson 1982: chapter 2). There should also be mobility in labour between the public and the private sectors (Wade 1990). Good governance in this instance implies that there are arenas for interaction between government and business, and between the public and private sectors. It does not signify that there is zero corruption, and there have in fact been a number of corruption scandals in countries identified as developmental states.

Finally, it is important to point out that the definition of the developmental state is guided by intent and not by outcome. It is not success that makes a developmental state. Instead, it is the fact that the state is attempting to achieve economic development by applying the specific and conscious state strategies outlined above. The case analysis will show whether such a strategy has been implemented by the state in Botswana.

THE GATE KEEPING STATE

With the gate keeping state approach, the historian Frederick Cooper (2002) sets up a concept for understanding the African state structure where the analysis is built on theorising about long-term institutional structures and institutional change. The gate keeping state approach offers theoretical rationalisation whereby political stability, economic growth and social development can be explained, as well as power struggles, corruption and elite capturing. The ambition in this section is to take Cooper's broader concept and develop it into a tentative theoretical model.

According to Cooper (2002), each of the colonial powers developed some variety of gate keeping state in their African colonies, and a common state structure was fermented despite differences in access to production factors (such as natural resources and labour) and diverse administrative strategies. The foundation for the gate keeping state structures was colonial interests and policies starting in the 1930s. Until that time, the colonial powers had been occupied with conquering the continent and establishing political power, with the colonial project having been interrupted by World War I. During the 1920s a more conscious colonial policies, including the establishment of Indirect Rule in the British colonies, started to evolve and these were further consolidated in the 1930s. What the colonial powers had in common at that time was that they began to view their African colonies not just as territories open for plunder, but as member states in empires. They were searching for formalised incomes derived from local production within colonies, primarily to pay for local administration, but also to add to the national economy. This was the general trend, although there were still specific regions and time periods characterised by pure exploitation. Difficulties in obtaining sufficient incomes for the state is the reason that the gate keeping state developed, as opposed to any other type of state structure that had demanded more substantial financial resources. The goal for each local administration was to increase earnings and keep costs down. The easiest way of achieving that goal was to first, extract valuable natural resources and/or produce cash crops for export and second, to cut administrative costs by focusing on the border regions of the colony instead of on society as a whole. These conscious choices resulted in administrations that spent their resources on controlling the flow of goods in and out of the colony and had limited interaction with the inland.

The 1930s is then a time when colonial administrations, to varying degrees, started forming policies for investing in their colonies and made efforts to bring some socio-economic improvements. This *development colonialism*, as Cooper (2002) terms it, was the rationale behind the strategies of the gate keeping state. Since colonial incomes were mainly derived from exports of natural resources and/or cash crops, investments in the 1930s-50s were made to develop these export sectors. Efforts were made to set up agricultural extension services, expand infrastructure for transporting export goods from the inland to ports of exit, subsidise farm inputs, build processing plants, and so on (see e.g. Austen 1987; Berry 1993; Green 2009).

While colonial resources were spent to facilitate and encourage the production of only one or two export goods, the rest of the economy did not get the support or the incentives it needed to either diversify or transform (Austen 1987; Cooper 2002; Freund 1998). The narrowness of the economy and the dependence on natural resources and cash crops resulted in financial vulnerability. Industrialisation, which could have been one diversification strategy, was generally not an option as such efforts were beyond the financial and governmental capabilities of the colonial administrations. In a few colonies with substantial European populations, such as South Rhodesia (Zimbabwe) and South West Africa (Namibia), some industrial development took place, but these were exceptions to the rule. South Africa, which became independent in 1910, was the only African country to have proper industrialisation strategies by the mid twentieth century (Freund 1998; Schneider 2000).

The creation of an export sector with natural resource extraction brought the creation of a wage labour sector that the colonial administrations sought to stabilise, for example by recognising certain labour rights. Educating and developing human capital generally, and the work force specifically, was of interest as it would benefit the production of export goods. The colonial administrations were not interested in creating a proletariat or bureaucracy, or to recognising the population as being citizens rather than subjects. Rather, the great majority of the labour force lived in areas that were unknown, unregulated, and unreformed. This division between formal and informal systems of production laid the ground for a dual economy with a formal sector consisting of a protected, often urban, wage labour class and a residual informal sector (Cooper 2002; Freund 1998; Mamdani 1996).

The idea of separation of the African and the European, of the inland and the boarders, and of the formal and the informal came to their extremes in the apartheid system (see e.g. Evans 1997; Posel 1991), but was born earlier and was more generally applicable. African societies were expected to cater for the needs of their own members and this created a problem because the development project became detached from the masses, primarily in the rural areas, but also in the urban informal sector. Although the later independence governments were expected to represent the whole population and former colonial subjects were transformed into free citizens, the dual socio-economic structures have lived on to become one of the most severe structural challenges for contemporary African states (see e.g. Cooper 2002; Freund 1998; Mamdani 1996; Muthien & Houston 2002)

The main sources of incomes in the gate keeping state were derived from state ownership of national resources and government taxation of trade through a monopoly system with marketing boards. Therefore whoever controled the state also profited from its riches (see e.g. Berry 1993). Meanwhile, since there was no encouragement of rural and urban African entrepreneurship, and limited efforts by European or Asian entrepreneurs, the private sector was too weak to compete with the state sector. For the post-colonial period this has meant that as long as the gate keeping state offers no proper economic alternatives to the government sector and controlling the state is the only way to become rich, it continues to be a hotbed for power struggles. Political leaders will take desperate measures to stay in power while claimants to the throne will try to grab it. Ruling elites will turn to building patron-client relationships in order to ensure the support of loyal followers, using bribes and coercion to implement their policies, limit or erase any democratic process, discredit political opponents, and so on (Cooper 2002; Leonard & Straus 2003). Consequently, elite capturing in some form is characteristic of the gate keeping state.

Important for a comparison between the gate keeping state and the developmental state is to emphasise that there is nothing in the structure of the gate keeping state that makes it principally against development. The problem is, however, that its structure is by its very nature not apt to driving a development-oriented process, including a structural transformation, and therefore it will never be successful in reaching economic development and MEG as defined by Lewis and Kuznets. This does not, however, prevent it from encouraging and achieving economic growth and accomplishing social development projects. It is ironic that while the state craves financial resources and it is exactly because it lacks initial resources that it cannot instigate radical development processes, which in the long-run could secure increased government incomes. The colonial administrations started a range of development project during the 1930s-50s and after independence many of those colonial projects were kept to become national projects run by the new independent governments. Particularly, resources were spent on education, health care and infrastructure (Cooper 2002).

Independence was a time of significant political change for African countries, but it brought limited socio-economic structural change. One reason that developmental colonialism and the structures of the gate keeping state survived into the independence era was that some future national leaders were involved in the development process long before they themselves came power. Especially in the British colonies, urban-based elites entered into negotiations with the colonial administrations, but they were detached from and rarely consulted other sections of society and shared many of the economic and political interests of the colonial administration. On a more radical note, strikes, labour protests and calls for development in the 1930s and 40s were not by necessity paired with claims for independence. Demanding economic and social justice often came before demanding political justice and independence (Austen 1987; Cooper 2002; Masire 2006).

The years 1940-73 constitute an era of consolidation of the gate keeping state. During this time there was both a significant international demand for African natural resources and cash crops, and a will by colonial administrations and national governments to invest in various systems of production. Combined these two trends resulted in increasing export earnings and economic growth. Depending on the characteristics of exports, there was room for local African actors to benefit. In colonies/countries where the main export consisted of a cash crop grown by African smallholders, as in the case of cocoa in West Africa (Austen 1987: Hopkins 1973) or coffee in East Africa (Austen 1987; Cooper 2002), local African actors benefitted from increased integration in the world market. Marketing boards controlled agricultural production and government incomes primarily came from the taxation of exports of natural resources and cash crops. The few attempts at industrialisation were not about targeting strategic industries, but rather about ill-planned pretentious projects protected by the state and used by leaders to gain political status (Meredith 2006).

The only way that this relatively successful gate keeping state structure was going to transform was if it was challenged and put under pressure by external events. Such pressure was applied by the international economic crisis hitting Africa in the decade from the mid-1970s to the mid-1980s. The start of the international economic crisis was the first oil crisis of 1973. The oil dependent African countries suffered from increased prices as well as by declining world market prices on their own export products. Through excessive borrowing, they could keep the crisis at bay until the mid-1980s, but the period 1973-90 was an era of intensified economic decline. Also, oil producing countries such as Nigeria were drawn into the economic crisis as oil revenues were poorly managed by a corrupt and incompetent state apparatus. By 1990, more or less all African countries had turned to the World Bank and International Monetary Fund, IMF, for development support and had accepted loans under Structural Adjustment Programs or SAP (see e.g. Freund 1998; van de Walle 2001).

Demands for deregulations and decentralisation within SAP for the first time forced national governments to deconstruct trade regulations and abolish marketing boards, thereby losing some control over their ‘borders’. The drive for privatisation and encouragement of the private sector created an alternative to the state sector. Notwithstanding formal and official deregulations, state control is still present, diversification of the economies has generally been a failure and emphasis is still on increasing production and improving earnings from traditional exports (see e.g. Dijkstra & Kees van Donge 2001; Kwabena 2010). The 1990s and 2000s have been decades when the gate keeping state has been losing in strength, but only time will tell if there has been sufficient structural change to put an end to the gate keeping state. If that will be the case, such a new state structure will have to be analysed and there is nothing to indicate that the transition will be to a developmental state. As pointed out earlier, there have been several paths to economic development in the past and perhaps the transformed gate keeping states will represent yet another.

The above arguments are now summarized in a tentative theoretical model, wherein the original gate keeping state concept presented by Cooper has been awarded defining traits:

- The institutional structure derives from insufficient financial resources forcing the colonial administration to concentrate its development efforts to sections of the economy. Thereby it is unable to enforce any comprehensive development strategy.

- The economy is characterised by dependence on incomes from exporting a small number of natural resources or/and cash crops and there is a lack of economic diversification.
- A dual society emerges as investments are primarily made in the formal sector, constituted mainly of the export sector and the urban areas, while the rest of society is reduced to an informal sector that is excluded from interactions with the state.
- While the state is not adverse to social development, it lacks financial means and political will for instigating and carrying out such efforts on a larger scale.
- The state sector dominance over the economy invites power struggles and makes it vulnerable for elite capturing.
- Elites controlling the state lack incentives for starting dynamic processes of structural change, hence a path-dependent behaviour arises and structural change has to come about through external pressure.

In the following section the model is applied to analyse the state in Botswana and empirical testing of the tentative model will further add to the theory building process. The organising principle of the discussion will be the definitions established above.

STATE DEVELOPMENT IN BOTSWANA

Colonial development

In a regional as well as international comparison, Botswana has had a limited colonial experience. The Bechuanaland Protectorate (1885-1965) was considered a primarily African territory where settlement by Europeans was discouraged (Parsons & Crowder 1988: xvii-xix). During the first half century of colonialism, no genuine development of natural resources was undertaken, as opportunities for agricultural development were limited and there were no other apparent potential resources. The colonial administration received incomes from hut tax, but during the first decades of the Protectorate there was no export sector to be taxed. The British offered political support, rudimentary policing and administration of the area, scant education and health care, and selective construction of infrastructure. Batswana smallholders were fundamentally subsistence farmers and their main source of cash incomes was made up of remittances from migrant labourers working in South Africa, primarily in the mines (Schapera 1980).

In the 1930s, the colonial administration identified the cattle sector as the primary comparative advantage of the Bechuanaland Protectorate. The Tswana lived as agro-pastoralists and compared with the development of crop production, the national herd was of substantial value. Already in the late 1920s, borehole drilling schemes had been started by native authorities in Kgatleng District and to a lesser extent by the colonial administration. These schemes were intensified during the 1930s (Carlsson 2003: 153-7; Lawry 983: 2; Parsons & Crowder 1988; Peters 1994, ch. 3). Apart from access to permanent water, the colonial administration invested in veterinary fences and an abattoir in Lobatse in 1954 to meet the health standards of European importers of beef. With the abattoir, the state established monopoly over all beef exports. At independence, the abattoir was taken over by the Botswana Meat Commission, BMC, a monopsony buyer of cattle and exporter of meat, affiliated with the Ministry of Agriculture (Samatar and Oldfield 1995).

Very few Europeans ever settled in the Bechuanaland Protectorate as they saw little future in either agriculture or mining, and only 3% of farm land came under European control (Colcough & McCarthy 1980:7). This marginal colonial influence allowed for the Tswana political and economic institutional structure to stay strong and to guarantee continuity in the social structure of the pre-colonial, colonial, and post-colonial era (Acemoglu et al. 2003; Colcough & McCarthy 1980: Chapter 1). In pre-colonial days, the chief was considered the father among equals. He controlled all natural resources, which he allocated to tribe members, he commanded labour on behalf of the common interests in the tribe, but also for his own personal gain, and he had the legal monopoly on military power. These were his rights, but he also had obligations to take care of his subjects. In order to keep the chief accountable and to hinder corruption, he was checked by the *kgotla*, a semi-democratic system building on public meetings, where members of the tribe could air their opinions regarding the chief's actions (Colcough & McCarthy 1980; Schapera 1980; Schapera & Comaroff 1991; Wylie 1990). Wealth was defined by cattle ownership and by claiming strays and tribute the chiefs gradually built up the largest herds in their respective areas. The herds eventually came to be considered as private property and chiefs commanded serfs to attend to the animals (Samatar & Oldfield 1995: 657).

While colonial influence in Bechuanaland was limited, colonial strategies were influential enough to lay the foundation for a gate keeping state. The colonial administration appropriated a monopoly over export of primary exports, i.e. beef, to guarantee state incomes. As no other sector than the cattle industry became economically successful, it resulted in a natural resource dependent economy lacking diversification. With wealth capturing by the chiefs as they dominated the cattle sector, there was a polarisation of economic resources and a merger of combined political and economic power.

Natural resource dependency

Colonial and post-colonial investments in the cattle sector paid off as the number of animals sold to the BMC increased from 14,132 in 1911-12 to 239,283 in 1984 (Samatar & Oldfield 1995: 657) giving rising incomes from beef exports. Beef became the only significant export during the colonial era and at independence, it represented 85% of Bechuanaland's total export earnings (Colcough & McCarthy 1980: 32; Harvey & Lewis 1990: 78-82; Leith 1997b: 530). In the early post-independence era, strategies for safe-guarding export earnings from the cattle sector continued. In 1975, the Botswana government negotiated favourable conditions from the Beef and Veal Protocol of the Lomé Convention, which guaranteed exports to Europe with high profits due to guaranteed above world market prices (Harvey & Lewis 1990: 78-82; Siwawa-Ndai 1997: 363). Beef has continued to be the most important agricultural export, although it only represented 2% of export earnings in 2006 (RoB 2007). The independent government has continued in the footsteps of its colonial predecessors: constructing water sources, subsidising veterinary services, distributing vaccines, building veterinary fences, and setting up the BMC (Acemoglu et al. 2003: 101; Lawry 1983: 14). Investments during the last 80 years have largely been geared towards facilitating and encouraging exports, while the potential national market has been left to expand on its own.

The BMC is a non-profit parastatal dominated by large producers and other members of Botswana's elite. Since its formation, 24 out of 52 members of the policy-making body of BMC have been medium and large scale cattle holders, while there has only been one representative of smallholders (Samatar & Oldfield 1995: 661). Further, while smallholders often sell animals locally, the large cattle-holders are overrepresented among BMC's suppliers and they also receive an overwhelming portion of bonuses as the parastatal refunded its profits. The cattle elite has been equal to the economic and political elite both in historical and contemporary Botswana and its control over BMC is an example of how that elite is profiting from structural inequality in the country (Hillbom 2010).

After independence (1966) the newly founded government of Botswana vested all mineral rights under its authority. De Beers (a South African diamond company) immediately showed interest in prospecting and within a few years it had discovered large diamond deposits. Early on, the government saw opportunities to negotiate for the nation a significant share of profits from mining extraction. In 1969, the government went into a 50/50 joint venture with De Beers and started Debswana Diamond Company Ltd., thus ensuring significant revenues for the country. Through such policy decisions, Botswana has managed to capture significant mineral rents, primarily from diamonds, over the years (Gaolathe 1997; Leith 2005: 60-63). Mining represented 8% of GDP in 1974/75, increasing to 53% in 1988/89, only to decline again to roughly 35% in 2002 (Leith 1997a: 24; 2005: 5, Table 1.1; Siwawa-Ndai 1997: 343, Table 2). At present, diamonds account for roughly 70% of export revenues and 50% of government revenue (RoB 2003: 28, Table 3.1, 205, Table 11.1, 206, table 11.3). Mining has, however, few linkages to other sectors of the economy, it only employs 3% of the labour force and it has not contributed to technological advances in the wider economy (Gaolathe 1997: 412-13; UNPD 2009: 6).

The primary goal of the developmental state is economic growth and in that sense Botswana might be seen as a candidate for that epithet. The country has had 9% average real annual economic growth during the period 1965-2005. With such a record of long-term economic growth it even tops the growth record of the Pacific Asian tigers (Leith 2005: 4, Table 1.1; UNDP 2009: 6). However, the growth track preferred by the developmental state is one relying on industrialisation and not natural resource extraction. Although Botswana has avoided the natural resource curse that has been the fate of many natural resource rich African countries (Hill 1991; Iimi 2006), the miracle of Botswana has to be characterised as diamond-led growth (Hillbom 2008; Jerven 2010). The natural resource dependency of Botswana with beef exports during the colonial era replaced by diamond exports after independence is characteristic of the gate keeping state. With a valuable, storable and easily exported resource, such as diamonds, there is nothing in the state structure that prevents the gate keeping state from experiencing growth. On the contrary, the state welcomes increasing incomes as long as it is not required to make large investments for which it lacks financial resources. The shift from one resource to another is a consequence of changing pre-conditions and not changes in policy or state strategies. When state control over one low value natural resource – beef, was replaced by another high value resource – diamonds, structures stayed the same while incomes increased significantly.

Diversification of the economy

Continued natural resource dependency is connected to failures to diversify the economy. Since independence, the industrial sector has grown significantly, by roughly 18% per annum in the decade 1970-80, 9% 1980-93 (Siwawa-Ndai 1997: 344, table 3) and 8% in 2008 (World Bank 2009). At present the sector constitutes roughly 53% of GDP (World Bank

2009). However, industrial growth is mainly due to the expansion of the mining sector. For a better understanding of the development of the industrial sector as a strategy for diversification of the economy, it is instead the manufacturing sector that is of relevance. Here figures are much less impressive. At independence, the BMC abattoir completely dominated the manufacturing sector, accounting for over 90 % of output and employment (Harvey & Lewis 1990: 160). Although the manufacturing sector has grown in absolute terms, it persists at roughly 3% of GDP. This is roughly the same share the sector had at independence and the trend has been falling over the last two decades (Mpabanga 1997: 371; RoB 2003; 28, Table 3.1; Siwawa-Ndai 1997: 347; World Bank 2010). In comparison it can be noted that in South Africa, the oldest industrialising country on the sub-continent, manufacturing is 17% of GDP and in Mauritius, another aspiring African developmental state, it is 15% of GDP (World Bank 2010).

With the failure of the manufacturing sector, it is the service sector that has expanded during recent decades. At present it constitutes 45% of GDP (World Bank 2009). It is steadily becoming the economy's largest sector as growing incomes from diamond exports allow for increased demand from government and the public for services and goods. Most of those consumption goods are imported from the Southern African Customs Union (SACU) (RoB 2003: 114). Meanwhile the agricultural sector, primarily made up of cattle rearing, that dominated the economy during the colonial era has lost its significance for national earnings. In 1968 agriculture represented over 40% of GDP, but it had declined to 2% in 2006 (Leith 2005: 5, Figure 1.1; World Bank 2009).

From the start of the independence era, the importance of industrialisation was emphasised by the government and over the years a number of schemes to support entrepreneurial activities have been launched. The National Development Bank, NDB, was established in 1965 to provide loans to small scale entrepreneurs in general and within the agricultural sector in particular. Botswana Development Corporation, BDC, was a venture capital company set up in 1970 to further complement the commercial banks. Both are owned 100% by the Botswana government. The most high profile incentive program was the Financial Assistance Policy, FAP, (running 1982-2001), which was projected to promote and expand employment-intensive and non-traditional businesses. Unfortunately these and other government schemes aimed at encouraging private entrepreneurship have become subject to increasing abuse by both government employers and recipients, and subsequently they have failed to meet with initial expectations (Leith 2005: 95-101).

When it has come to expanding beyond the traditional and well-established sectors, and away from natural resource dependency, Botswana has exposed itself as resembling other corrupt African countries, from which it is generally set apart. Diamond incomes could have become a window of opportunity, but instead the country has been caught in a natural resource trap (Hillbom 2008). The greater the income from natural resource exports, the higher the demands for the non-tradable sector, and consequently the less capital and labour available for the manufacturing sector (Corden & Neary 1982; Iimi 2006). Further, the lack of diversification does not appear to be explained by high transaction costs for setting up businesses. On the contrary, Botswana is ranked as being 'mostly free' in the 2010 Economic Freedom Ranking (The Heritage Foundation 2010), which is better than most African and East Asian countries, but this has apparently not encouraged entrepreneurship.

The development of an industrial sector through targeted government strategies paired with encouraging the expansion and diversification of the private sector is at the very core of the developmental state. Although it is true that the Botswana government has had aspirations to achieve diversification, initiate industrial efforts and support the private sector, aspirations are not enough for becoming a developmental state – purposeful strategies are also required. The establishment of government banks and programs such as NDB, BDC and FAP were attempts to offer the necessary capital and give economic incentives for the private sector, but they never played the role of MITI in Japan (Johnson 1982). None of these strategies were comparable to the efforts of the Asian developmental states and they have in no significant way reduced natural resource dependency, diversified the economy or instigated structural change.

A dual society

Acemoglu et al. (2003) finds the main explanation for Botswana's recent economic success to be its long history of institutions of private property. The argument goes that these institutions were created in the interest of the economic-political elite, but became valuable for society at large. They protect the public and companies from expropriation by the government, which ensures a safe environment for investment and economic activities, thereby allowing for broad-based development. With opportunities for a broad cross-section of society to participate in the development process, we could expect to see employment opportunities in the formal sector, poverty reduction and a more equal distribution of incomes.

This argument is contradicted by the fact that Botswana has one of the highest degrees of income differences in the world, with a national GINI coefficient of 0.54 (UNDP 2009: 7).

Despite both a trickle down from the wealthiest segments of society and a political consciousness of the need to fight poverty, roughly 23.5% of the population is currently living below USD 1 per day (UNDP 2009: 7). Further, there have for decades been reports of prevailing and even increasing rural poverty and polarisation of resources (see e.g. Good 1993, 1994; Gulbrandsen 1996; Hillbom 2010; Parson 1984; Peters 1994; Wikan 2004). The increasingly unequal division of resources and incomes is combined with 18% unemployment in 2005/06 (RoB 2006: 2).

Unprecedented economic growth paired with increasing inequality has resulted in the creation of a dual society in Botswana. Today, 75% of the population live in urban areas (World Bank 2010), making it one of the most urbanised countries in Africa. While wealth originating from national diamond incomes is concentrated in the modernising urban sector, the rural areas, inhabited by below-subsistence farmers employed in a low productive agriculture, are being marginalised. Dichotomises are created between the rural and the urban as well as between the urban poor and the urban rich.

Attitudes towards inequality and poverty are rooted in normative values and there appears to be an acceptance of the increasing disparities between the opposite poles of the rich and the poor that is inherit in the existing social values. Polarisation is accepted as long as the basic needs of the poor are being met. Contemporary inequalities appear to be inherent in the socio-economic structure going back in history (see e.g. Good 1994; Peters 1994; Wylie 1990). In societies with institutional inequality, government policies tend to favour elites in various ways while denying the majority of the population equal opportunities. Groups and individuals with wealth and high social status influence institutions and distort them in their favour, further enriching themselves. Political and economic inequality and the creation of duality thus go hand in hand, and unequal political power leads to an institutional structure that perpetuates inequalities in power and wealth (Engerman & Sokoloff 2002; World Bank 2005: 107-8).

While a developmental state is primarily focussed on achieving economic growth and secondarily on becoming a welfare state, its strategies of economic growth are geared towards replacing low productivity sectors with high productivity sectors, primarily industry. Such structural transformation of the economy unavoidably leads to a reduction of poverty and improved standards of living for the population at large and is the essence of economic development advocated by Kuznets and Lewis. Although Kuznets (1955) only used the term development explicitly in the sense of self-sustained growth together with structural change in production and technological advance, the redistribution of resources is implicit in the model.

As the developmental state anticipates and creates the necessary pre-conditions for the development of the welfare state, it will not turn into a dual society.

The gate keeping state, however, is set up with a divide between the formal and informal sectors. Meagre financial resources are concentrated and therefore certain sectors of society, primarily the export and urban sectors, are prioritised while the rest is left to fend for themselves. It can be argued that the state in Botswana is no longer poor, and that diamond incomes could be used to fight poverty and to include those who have previously been excluded from development strategies. The lack of significant change in state strategies and the continuation of the dual society can probably only be explained by a lack of incentives, and for interest from, the ruling elite.

Social development

In the case of Botswana, one decisive reason that the state has been labelled as a developmental state is that it has put money and effort into social development. Government policy has since independence been committed to creating a basic needs system and the state is currently spending 40% of GDP on social development. This is one of the highest figures in Africa and even above the average for high income countries (Acemoglu et al. 2003: 85; Leith 2005: 85, Figure 3.9). A consequence of the marginal position that Bechuanaland held in the British empire, including the low colonial incomes from the cattle sector, was that very few investments were made by the colonial administration. At independence therefore, Botswana had an acute need for investments in infrastructure, education, health care and other social programs.

For example, in 1966 there were only 12 kilometres of paved roads (Acemoglu et al 2003: 80), while today the figure is almost 9,000 kilometres. There are 77 airports, nearly 1.5 million mobile phones and 120,000 internet users out of a population of 1.9 million (CIA 2010). Adult literacy rates have improved from 34% in 1981 to 81% in 2006, and more than 5% of the population has completed tertiary education (UNPD 2009: 7; World Bank 2010). At independence there were fewer than a dozen Batswana who had received university education and 100 who had completed secondary school (Acemoglu et al 2003: 80-3; Colough & McCarthy 1980: 28). At the national level, 95 % of the population lives within an 8 kilometres radius from the nearest health clinic, but the country lives with the challenge of having 25% of the adult population between infected by HIV/AIDS, causing declining life expectancy (UNPD 2009: 7-9, Table 1.1). 95% of the population has access to improved water sources (World Bank 2010) and there has been continuous support to the poor via foodfor-work programs (Colcough & McCarthy 1980; Gulbrandsen 1996; Lokoko & van der Merwe 2006).

These are examples of significant social progress. While the Botswana government has not enforced programs for continued reallocation of resources and incomes, it has been conducting a policy of providing basic needs for its population. It has already been stated that social development is part and parcel of economic development signifying the developmental state, although the establishment of the welfare state is secondary to the goal of economic growth. The presence of social development is not, however, enough to deem the state structure as being a developmental state. The gate keeping state structure in no way prevents fundamental social development, however, it does neither have the finance nor the administrative strength to enforce strategies of welfare building. It does not cater for it as a road to modernisation and development, but if the funding is there it can be done. In the colonial and early independence era, while Botswana was relying on incomes from the cattle sector, the income for investing in social development was not there. With the much improved national finances that came with the diamond-led growth, it became possible for the state to provide social services for its citizens.

Struggle for political power

There is a well documented and uncontested history of the economic and political elite being one and the same in Botswana (see e.g. Acemoglu et al. 2003; Good 1993; Peters 1994; Wylie 1990). Distribution of wealth is to a high degree associated with distribution of cattle, which has a long history of being unequal with traditional chiefs and their relatives being the largest cattle holders (Colcough & McCarthy 1980: 22; Lawry 1983:6). Cattle continue to be amassed in the hands of a minority of large holders while the numbers of cattleless smallholders are increasing (Hillbom 2010). In the 1940s, only 10% of households had no cattle, while in 1993/94 that figure was 57%. In 1990, 33% of cattle holders had on average six beasts each while 35 commercial farms, representing 0.6% of cattle holders, held above 4,000 head on average, of which 19 farms held more than 10,000 (Good 1993: 223-224; Silitshena & McLeod 1998:127). After independence, the traditional economic elite moved into the new state, establishing a strong connection between large cattle holders and government. In the early years of independence two-thirds of the members of the National Assembly were large or medium sized cattle owners (Samatar 1999: 69-70).

Throughout colonial rule, there was a power struggle going on between the Tswana chiefs and the British Crown and also between the chiefs and their subjects. On occasion, the colonial administration took measures to control the power of the chiefs, but at the end of the colonial era chiefs had become accustomed to applying an autocratic way of ruling (Colcough & McCarthy 1980: 24, 36). At independence, power was therefore to a large extent deliberately removed from traditional institutions and placed in the modern state, but many individuals from the old traditional elite also moved and gained new positions of power. Thereby, the old and the new political authorities were linked to one another (Masire 2006). The circumstance that the political and economic elite are one and the same is by some researchers presented as a decisive factor explaining Botswana's economic success (see e.g. Acemoglu et al. 2003: 104). The political elite is further connected to leading bureaucrats as they also share common economic interests in cattle and commerce (Good 1994: 499).

The Botswana Democratic Party, BDP, was formed by Seretse Khama in 1962, on the eve of Independence. The party had a moderate political agenda and it found its supporters mainly in the rural areas, attracting both wealthy cattle holders andsmallholders. As Khama had been the heir to the largest Tswana chieftainship, he combined traditional political aristocracy with modern influences from his education in Britain. Although the BDP was born a rural party and has been in power ever since the first election, it has not brought the poor rural areas into economic development. Loyalty towards Khama and BDP is great and although it could be claimed that the poor have been failed, the party has managed to keep them as their voters. The fact that Botswana has been ruled for forty years by one party and four presidents is considered a strength by many as it reflects political stability (see e.g. Acemoglu et al. 2003; Masire 2006).

African leaders play an important role both in failure and in success. The good sense of political leaders since independence is often brought up as a major explanation for Botswana's growth miracle (see e.g. Acemoglu et al. 2003; Hjort 2010; Masire 2006; Robinson & Parsons 2006). As opposed to many other sub-Sahara African states, the transition from colonialism to independence was mainly based on negotiations and there was no need for militant anti-imperialistic struggles and radical ideologies. The new leaders were positive and open to the European way and willing to listen to Western recommendations and to adjust accordingly. In a positive sense this has been a basis for their prudent financial management, while in the negative it has to a degree distanced them from their citizens. Leaders have since independence belonged to the urban sector and have had a top-down approach neither encouraging involvement, nor building grass-root capabilities. This is reflected in the inability to develop a functioning strategy on fighting the spread of

HIV/AIDS, which must be understood as government failure (Allen & Heald 2004; Heald 2005).

In comparison with other African states, elite corruption was rare in Botswana until the 1990s (Makgala 2006). The country is ranked 31st place by Transparency International in an international corruption comparison, with a score of 0.6 out of 10 (UNDP 2009: 11). The government has shown great prudence in the management of diamond incomes, keeping expenses consistent in boom years and building foreign exchange reserves, thereby being able to compensate for bust years. There is a general agreement on the shrewdness of government fiscal policies, both in building international reserves and in investing in key sectors such as infrastructure, education and health care (Acemoglu et al. 2003; Masire 2006). It is argued that 'good governance' is a key explanation to the economic success as well as to the transformation from patrimonial to rational-legal state institutions. The creation of 'good governance' in turn is understood as process of institution building originating in traditional Tswana political institutions, e.g. the *kgotla* (Robinson & Parsons 2006). None of this literature, however, indicates a break between the colonial and post-colonial era, the political and economic elites or between the state and the bureaucracy. On the contrary, continuity, negotiations and collaboration are emphasised as the foundation of Botswana's historical uniqueness. These historical traits do not contradict the gate keeping state concept, but they could explain Botswana as a development-oriented and economically successful gate keeping state.

One of the fundamental characteristics of the developmental state is that the state bureaucracy has to be autonomous from economic and political interests and thereby free to execute its development policies without considering special interests. With the close connection between the economic and political elite in Botswana, this is not the case. Meanwhile, in the gate keeping state the key to controlling resources is to control the state apparatus and consequently, it is natural that economical and political power is one and the same. Leaders may very well turn out to be honest and work against corruption, which has been the case in Botswana, but the state structure itself enables and invites elite capturing. The economic and political opportunities of the elite makes it disinclined to renounce its position of power. This explains continuity in political and economic leadership. Arguably, as long as there is no incentive for the elite to change contemporary politico-economic structures, exogenous forces will be needed to cause structural transformation and end the gate keeping state (Kaufmann & Kraay 2002).

CONCLUDING REMARKS

The analysis has shown that the colonial administration in Bechuanaland had limited financial resources and therefore concentrated its development efforts in the cattle industry and urban areas. The lack of comprehensive development strategies caused a dependency on incomes from beef exports during the colonial era. Natural resource dependency has continued after Independence with the significant difference that beef has been replaced by diamonds. While diamonds have been the primary driver of economic growth, the country has become ensnared in a natural resource trap. Although there have been efforts to industrialise, they have not been purposeful and economic diversification has failed. Due to the selective development efforts by the colonial administration, a dual society emerged and during the independence era the divide between urban and rural areas and between wealthy and poor urban dwellers has remained. With high incomes from diamond exports the state has had the financial means to become successful, in an African context, in providing its citizens with social development. Despite all development efforts there has, however, never been a profound attempt at socio-economic structural transformation in Botswana. As long as the current politico-economic elite is reaping the benefits from the existing institutional structure and controls the state, it will opt for a structural status quo and it lacks incentives for ceasing to be a gate keeping state. For such a dynamic process of structural change to occur, external pressure causing a shift in the current balance of power is needed.

Following from this analysis of Botswana's economic development it is argued that instead of ”thinking about developmental states in Africa” as suggested by Mkandawire (2001: 289), African states should be subjected to an unbiased analysis free of the 'Asian ghost of development past'. The theoretical concept of the developmental state has some specific characteristics and the analysis has shown that Botswana cannot be defined as a developmental state. While the development state theory is rejected, a tentative alternative theoretical model – the gate keeping state – has been presented and tested. This paper is a first attempt to present, develop and test the gate keeping state model as a potential theoretical framework for analysing states in Africa. The analysis of Botswana warrants the model as valid and useful for explaining state structures in Africa. Other scholars are invited to further discuss and empirical test the model as it is hoped that the gate keeping state concept can be elaborated into a well- founded theoretical model.