

Paradigms of Governance and Exclusion

by EDWARD DOMMEN*

‘GOVERNANCE’ and ‘exclusion’ are two buzz words of the 1990s. This short article describes some paradigms – i.e. ideal forms – of social exclusion and of governance of the economy, and presents a framework for analysing the types of policy actually found in the real world. It has two purposes. The first is to stress that governance takes a variety of forms, each one of which has its strengths and weaknesses in meeting the objectives of the economy and society. The second is to conduct a cursory exploration into the types of exclusion associated with different kinds of governance, and to comment on the implications for economic policy when the forms do not correspond to the wishes of society. What follows is not designed to promote a particular strategy, but to provide a structure within which any policy can be better understood, and therefore more effectively promoted or opposed, depending on the reader’s own objectives.

PARADIGMS OF EXCLUSION

Exclusion is a reality in every society. The policy issues thereby raised concern not so much its existence as the social and geographical location of the excluded, the number of people or the proportion of the population involved, and the dynamics of exclusion. The degree to which efforts are made to bring them ‘into the fold’ needs to be determined. Indeed, maintaining a circulation of the excluded is a conceivable policy, and could be seen as the underside of the circulation of élites, as enunciated by Vilfredo Pareto.¹ A further issue is that of managing ‘the tensions between social differentiation and common belonging’, to use Achille Mbembe’s terminology:² to what extent

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¹ Vilfredo Pareto, *The Mind and Society* (1916).

² Achille Mbembe, in the Netherlands Ministry of Foreign Affairs, *Historical Dimension of Development, Change and Conflict in the South* (The Hague, 1994).

should social categories be pressed to sacrifice their identity in order to be integrated into the mainstream economy?

Exclusion is primarily a western concept and some authors warn against exporting it unguardedly to other parts of the world, most recently in an edited volume published by the International Labour Organisation (ILO).³ None the less, one of the contributors, Hilary Silver, describes three paradigms of social exclusion which can be applied world-wide.⁴

1. *Solidarity*

Exclusion may be caused by the rupture of a social bond between the individual and society. Such an approach to solidarity emphasises the ways in which cultural or moral boundaries between groups construct social categories for ordering the world. Exclusion whittles away at cohesion by placing some members of society beyond its bounds, who then cease to be a cause for concern among the 'insiders'. The sense of solidarity is missing. On the other hand, the enhanced homogeneity and sense of shared identity among those who remain inside the boundaries reinforce social cohesion. The inverse of this kind of exclusion is integration, or 'common belonging'.

2. *Specialisation*

This paradigm starts from the assumption that individuals differ, giving rise to specialisation in the market and among folk. Exclusion need not be a social problem so long as those excluded have the right to move across boundaries between specialised groups in order to find fulfilment elsewhere. Freedom of choice based on diverse personal values and psychological motives for engaging in social relations can give rise to cross-cutting affiliations and loyalties, thereby helping to integrate the society, not least since the same individuals may not be excluded in every sphere.

3. *Monopoly*

Groups may form monopolies in order to capture benefits for

³ Gerry Rodgers, Charles Gore, and José B. Figueiredo (eds.), *Social Exclusion: rhetoric, reality, responses* (Geneva, International Labour Organisation, 1995).

⁴ Hilary Silver, 'Reconceptualizing Social Disadvantage: three paradigms of social exclusion', in *ibid.* pp. 57–80.

themselves at the expense of others, and many individuals are excluded from the ensuing 'rent'.⁵ It needs to be pointed out, however, that they cannot be excluded from the monopoly system, which includes both the exploiters (who get more than their share) and the exploited (who provide that extra), without by that very fact removing a potential source of rent. One can be excluded from the takers of rent and yet be included as a provider of rent since the exploited are essential 'insiders'. On the other hand, one can be excluded from a particular monopoly altogether, and that may involve even greater deprivation. It is feasible to imagine, as an example, an electricity supply company being the beneficiary of a monopoly rent, with the consumers as those who pay the rent, while the others who have no electricity are altogether excluded.

PARADIGMS OF GOVERNANCE

It is possible to distinguish four paradigms of governance, which can be divided into two sub-sets. Corporatism and prebendalism describe ways of organising economic flows, while conciliarity and kleptocracy refer to the spirit in which they are organised.⁶ Thus, a corporatist or a prebendal economy can be more or less conciliar or kleptocratic. In any given situation, most of these paradigms can be found to co-exist.

1. *Corporatism*

This style of governance is designed to reserve the lion's share of benefits for members of corporations, for insiders. A wide spectrum of arrangements share that characteristic: corporatism is an extensive genus which includes many species of governance of the economy. The colonial system often fitted the description, and was only reluctantly adjusted to independence by a number of régimes in Africa, including Zimbabwe, as described by Virginia Knight:

At the outset, the government retained many of the regulations affecting business that it inherited from the Smith government. The white government

⁵ Unlike a number of other terms that imply value judgements, 'monopoly' has a technical definition in terms of the shape of the demand curve for its output, as explained by Paul A. Samuelson, *Economics* (New York, 1963 edn.), pp. 473–5. As for 'rent', this concept refers to a surplus above opportunity cost, resulting from the shape of supply and demand curves.

⁶ The terms 'conciliar', 'corporatist', and 'prebendal' are taken from Richard A. Joseph, 'Nigeria: inside the dismal tunnel', in *Current History* (Philadelphia), 95, 601, May 1996, pp. 193–9. Paternity of the word 'kleptocracy' has been attributed to Stanislaw Andreski, 'Kleptocracy as a System of Government in Africa', in A. J. Heidenheimer (ed.), *Political Corruption* (New York, 1970), pp. 346–57.

had regulated the economy to create a wealthy white middle class. The black government used the same regulations to create a wealthy black middle class.⁷

As for the system of socialism being implemented in Eastern Europe until the end of the cold war, state enterprises provided not only employment and income, but an extensive range of social services, extending even to holiday resorts, for their employees and their families. The workers in such enterprises thus constituted a corporation that was in some respects similar to those which formed part of the theoretical structure of Italian or Spanish fascism. Military régimes have more recently constituted a further, distinct form of corporatism.⁸

Many big enterprises in a liberal market economy also provide a range of services for their employees and their families. But today the tendency is not so much for a set of corporations to be in a structured relationship one with another, but more for the economy to constitute a single entity composed of income earners, owners of capital, and consumers. Those outside are of less and less concern to those inside.

Up to the 1980s, the Swiss relied upon yet another form of corporatism since most were beneficiaries of one or more cartels which were protected from competition. These generated comfortable margins which could be shared out to widespread satisfaction, thereby compensating for the high prices and somewhat restricted choice which they incurred as customers of other cartels.

2. *Prebendalism*

According to Richard Joseph, 'State offices are regarded as prebends that can be appropriated by office holders, who use them to generate material benefits for themselves and their constituents and kin groups'.⁹ Prebendalism is widespread. A number of authors have analysed its African manifestations in particular, but it has a long tradition embracing, for instance, the feudal system. In many cases it has proved to be a stable and workable system of governance.

The paradigm consists of a complete cycle of appropriation *and* redistribution: the word 'and' in Joseph's definition marks an essential characteristic of prebendalism, which is often described as predatory by analysts who ignore the fact the resources appropriated by the holders

⁷ Virginia Curtin Knight, 'Zimbabwe's Reluctant Transformation', in *Current History*, May 1996, pp. 222–7.

⁸ John Mukum Mbaku, 'Military Intervention in African Politics: lessons from public choice', in *Konjunkturpolitik* (Berlin), 41, 3, 1995, pp. 268–91.

⁹ Joseph, loc. cit. p. 195.

of power are redistributed to their clients. Mbembe gives a more thorough and balanced account of the system:

During the 1980s, the dominant explanation of the ‘African crisis’ consisted in throwing the responsibility onto the state and the excessive levies which it was purported to impose on the economy. The restoration of legitimacy and exit from the crisis depended, it was affirmed, on its capacity to escape from the pressure of social demands (the organization of public services, health, education, the distribution of resources and revenues, all sorts of redistribution) and to let market forces work freely in a now unencumbered field. In other words, the transition to the market economy demanded the emasculation of the play of rights and claims thanks to which individuals have not only duties and obligations with respect to the state, but also rights on it, for example in the form of ‘public services’....

Thus, the state having, almost everywhere, lost not only a large part of its capacity to regulate and arbitrate, on which a share of its legitimacy depended, but also the financial means, sometimes the administrative power and, in general, all sorts of other ‘goods’ which would have allowed it to settle conflicts politically, [these] exploded into the open leading, almost everywhere, to violence which hitherto had been contained within more or less tolerable limits. As a result, the state has no more rights to issue or honour. It no longer has much to distribute. All that remains to it is the control of the coercive forces. This aggravation of coercion and violence has almost everywhere complicated the management of the tension between social differentiation and common belonging.¹⁰

Prebendalism and corporatism can co-exist in a single economy. For instance, if the employees of market-oriented enterprises or international organisations who earn their livings in a corporatist system come from a prebendal society, they are quite likely to redistribute a sizeable share of their income to their extended family, clan, or local community.

In Africa, prebendalism was particularly attractive when financed by outside support, thereby obviating the need to make levies on local activities. The decline of external subsidies since the end of the cold war, and the growing reluctance of western donors to support consumption in poor countries, certainly helps to explain the rise of armed conflict in the continent. William Reno has described the process in Liberia:

In 1989, the nearly total cutoff of United States aid made it clear to [President Samuel] Doe that he could no longer expect United States support (during the 1980s the United States gave \$500 million to Liberia – making it the largest *per capita* American aid recipient in Africa). [This aid] had been the glue that held together Doe’s patronage network. Thus when [Charles] Taylor

¹⁰ Mbembe, *op. cit.* pp. 41–2.

returned to Liberia with his 150-man invasion force on Christmas Eve 1989, few of Doe's associates saw any personal advantage in defending the regime. Legions of disgruntled young men...grabbed at the chance to join the new militias. Most dreamed of gaining some of the rewards of power that 'Big men' close to the old regime had kept for themselves.¹¹

A similar process seems to be taking place in Southern Africa, where the proliferation of light weapons has recently been the focus of a collective research project. For example, local 'warlords', who originally maintained connections with the KwaZulu régime to ensure resources, feel less secure under the new dispensation in Natal, and have sought aggressively to entrench their position. At the same time, protracted violence has bred groups in the region whose only livelihood relates to continued conflict: guns for hire and increasingly organised levels of criminality are securing their interests.¹²

3. *Conciliarity*

This style of governance strives to be inclusive by inviting wide participation both in the making of decisions and in the distribution of benefits. The term 'conciliar' in this sense has been given currency by the World Council of Churches (WCC), which uses it to describe processes which reach out to involve as wide a public as possible. In many cases the paradigm influenced the process of decolonisation during the 1950s and 1960s, and generally inspired the phenomenon of development assistance up to the end of the 1970s.

Two types of conciliar governance can be distinguished. The first is utilitarian, crystallised by Jeremy Bentham (1748–1832) in the phrase 'The greatest happiness of the greatest number is the foundation of morals and legislation'.¹³ The second is more explicitly concerned to reach out towards the most disadvantaged, and its objective was presented graphically by Mahatma Gandhi:

I will give you a talisman...Apply the following test: Recall the face of the poorest and the weakest man whom you may have seen and ask yourself if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to a control over his own life and destiny? In other words, will it lead to Swaraj for the hungry and spiritually starving millions?¹⁴

¹¹ William Reno, 'The Business of War in Liberia', in *Current History*, May 1996, pp. 211–15.

¹² TCP Project, 'Towards Collaborative Peace: regional efforts to contain the proliferation of light weapons in Southern Africa', 1995, mimeographed, p. 6.

¹³ Cf. Jeremy Bentham, *Introduction to the Principles of Morals and Legislation* (1789).

¹⁴ Gandhi Foundation, Delhi, n.d.

Although this form of governance can be suitably described as Gandhian or, for the more intellectual, Rawlsian,¹⁵ its roots can be traced back for more than 2,500 years to the origins of several of the world's great religions. The World Commission on Environment and Development made the uncompromising statement in 1987 that 'sustainable development' contains 'the concept of "needs", in particular the essential needs of the world's poor, to which overriding priority should be given',¹⁶ and that same year the United Nations General Assembly adopted a resolution declaring this objective to be 'imperative'.¹⁷

The Gandhian or Rawlsian form of the conciliar process can be likened to a mixing bowl in which some of the contents are always being thrown to the edge and have to be scooped back towards the middle. However, while ensuring that no one in a society is permanently left at the margin, it is equally important to avoid mashing them into a homogenised mass if that is not their wish. Here again is the aforementioned 'tension between social differentiation and common belonging'.¹⁸

4. *Kleptocracy*

The essence of a kleptocracy is that whoever has the power to appropriate resources does so and keeps most, if not all. This means that the number of other beneficiaries, if any, is particularly small. Obviously the magnitude of its existence is to a large extent a matter of appreciation. But the restriction of economic benefits to a narrow group is in utter contrast to conciliarity, which strives to ensure that these are distributed as widely as possible.

Kleptocracy can take different forms depending on the degree to which it is centralised. Well-organised national leaders are likely to ensure that the spoils flow mainly to them and stay there. But the proceeds may be scattered widely if the central régime no longer has the strength to keep other groups under control. Kleptocracy can be even more decentralised, shading into criminality through what has been called 'tonton-macoutisation' by Mbembe.¹⁹

The relations between *paradigms of governance* and *paradigms of exclusion* may be presented diagrammatically as shown in Figure 1.

¹⁵ John Rawls, *A Theory of Justice* (Oxford, 1971).

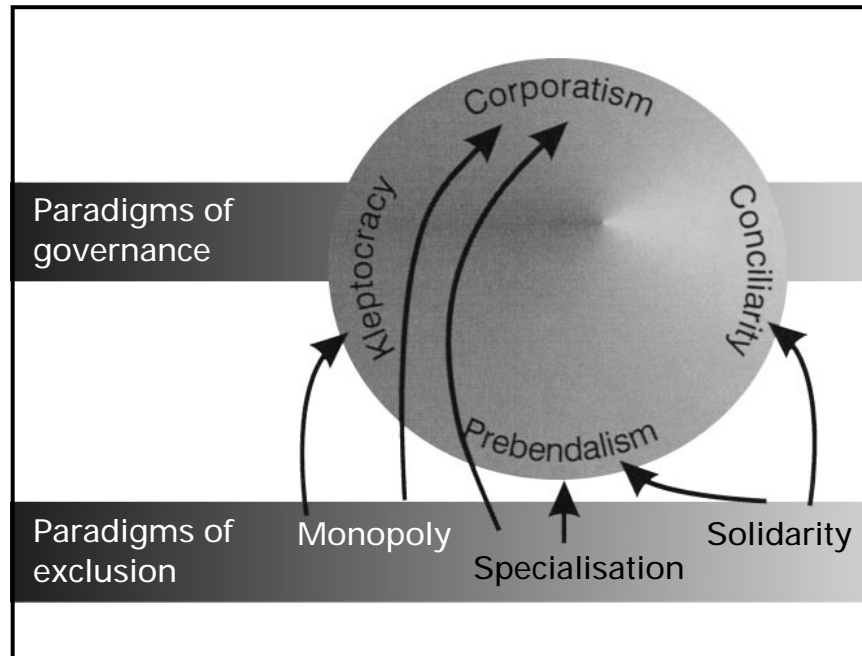
¹⁶ World Commission on Environment and Development, *Our Common Future* (Oxford, 1987), p. 43.

¹⁷ United Nations General Assembly Resolution 42/187 of 1987.

¹⁸ Mbembe, loc. cit.

¹⁹ Ibid. p. 44.

FIGURE 1
Relations between Paradigms of Governance and Exclusion



Monopoly as a form of exclusion is essentially related to *corporatism*: by excluding competition, corporations defend their privileged position. This serves to create the closed circuit required for a downward-sloping demand curve, and there is an urge within that system to restrict access to the select category of rent-takers. Despite an affinity with *kleptocracy* in that both involve capturing and keeping an undue share of the social product, the key difference is that whereas a *monopoly* produces the output, the benefits of which are then distributed in a skewed manner, a *kleptocracy* basically appropriates pre-existing output or even wealth which is not current output at all.

Specialisation is a form of exclusion which relates to both *corporatism* and *prebendalism*. In both cases, although people may be denied access to a particular corporation or prebendal circuit – ethnic group, religious denomination, clan – this need not be a source of hardship in so far as they may be included in another which yields equivalent benefits. *A fortiori*, members of a prebendal circuit or a corporation have no interest in leaving it to join another if that would make them worse off.

Prebendalism is essentially a system of shared identity and social solidarity expressing itself through a circuit which concentrates and redistributes income. Exclusion is a result of the absence of a social bond between the insiders and the outsiders.

Conciliarity expresses solidarity with at least some of those who are at present excluded from the system. Although this paradigm is sometimes expressed in terms of an ideal which embraces everyone without exception, it normally involves reaching out to particular categories of the excluded but not to all, at least not at once. *Conciliarity* usually place limits on solidarity, thus giving rise to certain forms of exclusion.

EXTERNAL INVOLVEMENT

If the paradigms are taken as applying to a particular country, foreign economic partners can interact either through trade or financial flows. The latter can in turn be sub-divided into investment or aid, whether development or humanitarian assistance.

Whatever the particular form of interaction, what does the foreign partner want to achieve? It may want to extend its own corporatism, and in so far as a larger corporation generates more revenue for its members, this can increase its economic benefits especially if extended outwards while still restricting the inner circle which corners the monopoly rents.

It should be stressed that prebendaries can be – and often are – included in an international corporatist system. The corporatist objectives on the part of the foreign partner are not inconsistent with prebendal governance in the partner country, and may include the redistribution of income to its clients. North–South prebendalism during the cold war was supported, on the one hand by those who claimed that since the Third World had been exploited by the developed countries they were owed a return flow of resources, and on the other by states which wanted to maintain a clientele of dependants as a defence against the ‘other side’ in the cold war.

The foreign partner may wish to encourage conciliarity, either directly by reaching out to the excluded in the partner country, or indirectly by supporting the parties which are inclined towards conciliarity. These objectives can be achieved within either the corporatist or the prebendal paradigm: the choice in any particular case is the outcome of a tactical decision that probably depends on which system appears to be more operationally successful and/or more susceptible to encouragement in that direction.

If a prebendal form of governance is abandoned under pressure from external donors or international financial institutions, the shift is almost certain to be towards corporatism. Apart from the fact that the sources of outside pressure are likely to disapprove of the conciliar paradigm, the norm of corporatism in the developed economies provides the most obvious alternative model.

The foreign partner may be prepared to support kleptocrats if it shares their financial objectives and finds that collaboration with them is an effective means of acquiring booty. Moreover, given that a kleptocratic régime generally needs an elaborate apparatus of repression, external interests may have their own reasons for wanting the same groups excluded.

THE OUTLOOK

If the aim is that both partners should benefit from their interaction, or at least that one should do so at no loss to the other, policies should be chosen which increase the total flow of benefits. Such an objective can be achieved by working through either the prebendal or the corporatist form of governance. Indeed, there is a *prima facie* case for accepting whichever system is already functioning: as an American dictum says, 'if it works, don't fix it'. Even so, the foreign partner can encourage those in power to move in either a kleptocratic or a conciliar direction, depending on its own objectives.

At present the developed countries are firmly pressing for the extension of corporatism to Africa, thereby upsetting other forms of governance which are already functioning. The economic and social costs can be high. Such a strategy can be justified only if it results in a shift of resources to an inevitably smaller corporation: these must be substantial enough to increase its own income even though the total has declined. This is, of course, of interest only to the corporation in question. One consequence is an increase in exploitation or exclusion, albeit akin to kleptocracy. This is the policy being pursued by the major powers through institutions that include the World Trade Organisation and the IMF/World Bank. Only sub-sets of the citizens of even those nations profit from the redistribution. Those very groups would probably benefit from a more far-sighted panoramic view of the routes to their economic objectives instead of a tunnel vision of *la pensée unique*.