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Citation for published version:

Gray, H, Behuria, P & Buur, L 2017, 'Studying political settlements in Africa', *African Affairs*, vol. 116, no. 464, pp. 508-525. <https://doi.org/10.1093/afraf/adx019>

Digital Object Identifier (DOI):

[10.1093/afraf/adx019](https://doi.org/10.1093/afraf/adx019)

Link:

[Link to publication record in Edinburgh Research Explorer](#)

Document Version:

Peer reviewed version

Published In:

African Affairs

Publisher Rights Statement:

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RESEARCH NOTE

STUDYING POLITICAL SETTLEMENTS IN AFRICA

PRITISH BEHURIA, LARS BUUR AND HAZEL GRAY*

ABSTRACT

The political settlements approach emerged out of a critique of new institutional economics developed by Mushtaq Khan in the 1990s. Since then, the political settlements approach has proliferated in donor programming and academic scholarship on African countries. This has led to some confusion about its core conceptual and methodological features. This Research Note starts by setting out our understanding of political settlements and provides an overview of existing political settlements literature on African countries. The note then explores how the key concept of ‘holding power’ has been employed in varied ways in the political settlements literature, which in turn has led to various methodologies to study power. The note discusses a number of these methodologies, including studying political ruptures as a window into analyzing the distribution of power in African countries, and emphasizes the importance of studying economic structure, ideology, violence rights and rents as sources of holding power. The overall contribution of the note is to illustrate the varied strategies used in studying political settlements and to place them in conversation with one another.

THE TERM POLITICAL SETTLEMENT now appears regularly in scholarship on African countries. It is often used in an intuitive sense to refer to the prevailing political order or to specific peace agreements that emerge at the end of war. A political settlements approach, however, also has a much more specific meaning as a discreet political economy analytical framework that provides a novel way of understanding the drivers and outcomes of contemporary socioeconomic change. In this more rigorous usage of the term, a political settlement refers to ‘a combination of power and institutions that is mutually compatible and also sustainable in terms of economic and political

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viability.¹ As a distinct analytical approach, political settlements analysis emerged out of Mushtaq Khan's work in the mid-1990s.²

Khan's work has its roots in a critique of new institutional economics (NIE) and the prevailing good governance agenda. Since that time, the political settlements approach has become entangled with a wider range of donor-driven research agendas that have sought to render legible the politics of development and, in particular, the way that governance and institutions work in weak, fragile and conflict-afflicted settings.³ As political economy concerns emerged as a leading preoccupation in international development assistance organizations, how to work 'with the grain'⁴ in developing countries and better understand the organization of the local politics and economy became a major prerequisite during programming.

This led to the establishment of a number of donor-funded research centres that sought to define and operationalize a political settlements approach within international development. A broad field of studies emerged, which drew on some of the insights of the original political settlements framework, leading to the development of analytical tool kits and an extensive grey literature on political settlements. James Putzel and Jonathan Di John at The Crisis States Research Centre wrote two influential reports on political settlements and Adrian Leftwich's work as Director of Research of the Developmental Leadership Program contributed to popularizing the term.⁵ Other large research centres that have employed the concept include the Effective States and Inclusive Development (ESID) Research Centre and the Political Settlements Research Programme (PSRP).

¹ Mushtaq Khan, 'Political settlements and the governance of growth-enhancing institutions' (Mimeo, SOAS, London, 2010), p. 4.

² Mushtaq Khan, 'State failure in weak states: A critique of new institutionalist explanations', in John Harriss, Janet Hunter and Colin Lewis (eds), *New institutional economics and third world development* (Routledge, London, 1995), pp. 71-86.

³ Department for International Development, 'Conducting conflict assessments: Guidance notes' (Department for International Development, 2002); Tom Dahl-Østergaard, Sue Unsworth, Mark Robinson and Rikke Ingrid Jensen, 'Lessons learned on the use of power and drivers of change analyses in development cooperation' (Review commissioned by the OECD DAC Network on Governance [GOVNET] Final Report, 2005); Goran Hýden, 'Institutions, power and policy outcomes in Africa', (Discussion Paper No. 2, Power and Politics in Africa, 2008); Jethro Pettit, *Power analysis: A practical guide* (Swedish International Development Cooperation Agency, Stockholm, 2013); Sue Unsworth, 'Framework for strategic governance and corruption analysis. Designing strategic responses towards good governance' (Clingendael Institute, Netherlands Institute of International Relations, 2007).

⁴ David Booth, 'Introduction: Working with the grain? The Africa Power and Politics Programme', *IDS Bulletin* 42, 2 (2011), pp. 1-10; Tim Kelsall, 'Going with the grain in African development?' *Development Policy Review* 26, 6 (2008), pp. 627-655.

⁵ Jonathan Di John and James Putzel, 'Political settlements: Issues paper' (Governance and Social Development Resource Centre, University of Birmingham, Birmingham, 2009); James Putzel and Jonathan Di John, 'Meeting the challenges of Crisis States' (Crisis States Research Centre Report, London, 2012); Edward Laws and Adrian Leftwich, 'Political settlements', (Development Leadership Programme Concept Brief 01, Birmingham, 2014); David Hudson and Adrian Leftwich, 'From political economy to political analysis', (Development Leadership Programme Research Paper 25, Birmingham, 2014).

The political settlements approach has also been used by African research centres, for example the Partnership for African Social and Governance Research in Nairobi and the Hierarchies of Rights: Land and Investments in Africa at University of Eduardo Mondlane in Maputo. The term political settlement even featured in the most recent World Development Report of the World Bank.⁶ However, in the World Bank report it is used interchangeably with the institutional theories of Douglass North and Daron Acemoglu and James Robinson.⁷

The proliferation of research using the term political settlement has generated significant new insights into contemporary political and economic processes in Africa. However, it has also led to some confusion about the core analytical and methodological features of a political settlements approach. In some work, these different approaches have been seen as complementary,⁸ while others have sought to maintain its analytical and critical distinctiveness.⁹ Yet still others ask with bemusement: ‘What on earth is a “Political Settlement”?’ protesting that it makes limited original contributions and that it is riddled with conceptual mutations.¹⁰ We argue that this claim is not warranted. There is a need, however, to return to the original theoretical moorings of the concept to avoid overloading and distorting the framework. Clarifying the solid theoretical foundations of a political settlements approach provides a stronger basis on which to expand the scope of the framework to engage with new analytical and empirical insights that emerge from this burgeoning research field.

The purpose of this research note is to set out our understanding of the theoretical foundations of political settlements, to highlight its distinctive analytical features and explain the uses of the framework for research on African countries. The note starts with an overview of the approach and its main conceptual building blocks. The note traces some of the important differences in the way that the concept of political settlements has been used, highlighting key differences in

⁶ World Bank, *World Development Report 2017: Governance and the law* (World Bank, Washington, DC, 2017).

⁷ Douglass C. North, John Joseph Wallis and Barry R. Weingast, *Violence and social orders: A conceptual framework for interpreting recorded human history* (Cambridge University Press, Cambridge, 2009); Daron Acemoglu and James Robinson, *Why nations fail: The origins of power, prosperity, and poverty* (Crown Business, New York, 2013).

⁸ Alina Rocha Menocal, ‘Political settlements and the politics of inclusion’ (Developmental Leadership Programme State of the Art Paper 7, Birmingham, 2015).

⁹ Hazel Gray and Lindsay Whitfield, ‘Reframing African political economy: Clientelism, rents and accumulation as drivers of capitalist transformation’ (LSE International Development Working paper Series No. 14-159, London, 2014); Hazel Gray, ‘Access Orders and the ‘New’ New Institutional Economics of development’, *Development and Change* 47, 1 (2016), pp. 51–75.

¹⁰ Mick Moore, ‘What on earth is a ‘Political Settlement’?’, 19 September 2012, *IDS Governance and Development Blog*, <<http://www.governanceanddevelopment.com/2012/09/what-on-earth-is-political-settlement.html>> (3 April 2017); Nicolas van de Walle, ‘Democracy fatigue and the ghost of modernization theory’, in Tobias Hagmann and Filip Reyntjens (eds), *Aid and authoritarianism in Africa: Development without democracy* (Zed Books, London, 2016), pp. 139-160.

understandings of power, actors and economic processes. The note sets out the concept of holding power in more detail and makes the argument for studying economic structure, violence rights, ideology and rents as sources of holding power. It then explores how political ruptures offer one way of examining the distribution of power and highlights some of the different research strategies that have been used to understand the evolution of political settlements in African countries. It ends by explaining how the political settlements approach departs from dominant framings of Africa's political economy.

What is a political settlement?

Khan developed the political settlements approach as a way to understand the patterns and evolution of the distribution of power in particular societies; in other words, sets of institutions and power relations are seen as constellations that characterize the social order in a particular country in the global economy.¹¹ The idea that power and institutions are distinct and often not in alignment is a perspective that is widely shared across social sciences. This misalignment between the formal institutions of the state and the ways that powerful groups organize to make claims on the state is a significant driver of clientelism in low-income countries. The implications of this observation for economic and social change are explained by the political settlements approach in ways that are quite different from other institutional approaches. The starting point for a political settlements analysis is the observation that capitalism has shaped institutions and the distribution of power in societies across the world over centuries.¹² Nevertheless, the impact of capitalism on institutions and power in low-income countries has a number of distinct features shaped by colonialism and the limited productive transformations that unfolded since the end of the colonial era.¹³ In OECD countries that were in the first wave of industrialization and economic transformation, institutions have been molded to reflect the economic power of capitalist groups.

In contemporary low-income countries, formal political institutions were often inherited from the colonial state. The existing capitalist economy in these countries produces a relatively low surplus,

¹¹Khan, 'State failure'; Khan, 'Political settlements'.

¹² Mushtaq Khan, 'The capitalist transformation', in Jomo Kwame Sundaram and Erik Reinert (eds), *The origins of development economics: How schools of economic thought have addressed development* (Zed Press, London, 2004), pp. 69-80.

¹³ Khan, 'Political settlements'.

constrained by the lack of a transformation in the productive capacities of the economy.¹⁴ These structural characteristics provide an explanation for the prevalence of clientelism in low-income countries without making clientelism axiomatic within the study of the political economy of development. Indeed, a political settlements approach allows for the study of other forms of non-clientelist politics informed by ideas, political commitments and ideologies, while providing a context to the difficulties of generating and sustaining programmatic politics in developing countries.¹⁵

Political settlements are studied with an assumption that power is rooted in history. Khan proposes three dimensions as the object of study: the horizontal distribution of power, the vertical distribution of power, and how a political settlement is financed.¹⁶ The horizontal distribution of power refers to the ‘power of excluded factions, relative to the ruling coalition.’¹⁷ He argues that if excluded coalitions are weak, the ruling coalition is likely to act in line with a longer time horizon while if excluded coalitions are strong, the ruling coalition may act to secure its short-term survival or may not survive in the long-run. Any study of the horizontal distribution of power should begin with a historical analysis of the evolution of ruling coalitions and those who have opposed them including both elite and non-elite groups. The distribution of power evolves constantly within a political settlement. An important distinction between new institutional economic approaches and political settlements is that the latter recognizes that where power is disbursed outside formal institutions, this does not necessarily drive changes in the formal institutional structure. Thus a political settlements approach can involve tracing the changing distribution of power between different groups over time, as reflected in struggles over property or rents. This means that changes in the distribution of power are not necessarily aligned to formal regime change.

The political settlements approach can also involve studying moments of intense change where ‘political ruptures’ have structured new divisions of power. ‘Political ruptures’ are similar to ‘critical junctures’, which are ‘relatively short periods of time during which there is a substantially heightened probability that agents’ choices will affect the outcome of interest.’¹⁸ In comparison,

¹⁴ Mushtaq Khan, ‘Rent seeking as process’, in Mushtaq Khan and Jomo Kwame Sundaram (eds), *Rents, rent seeking and economic development: Theory and evidence from Asia* (Cambridge University Press, Cambridge, 2000), pp 70 – 144.

¹⁵ On this point, see Hazel Gray, *Turbulence and order in economic development: The political settlement and economic transformation in Tanzania and Vietnam* (Oxford University Press, Oxford, forthcoming)

¹⁶ Khan, ‘Political settlements’.

¹⁷ Ibid, pp. 64-65.

¹⁸ Giovanni Capoccia and R. Daniel Kelemen, ‘The study of critical junctures: Theory, narrative, and counterfactuals in historical institutionalism’, *World Politics* 59, 3 (2007), pp. 341-369.

Acemoglu and Robinson's influential work uses a much looser definition of a critical juncture as 'a major event or confluence of factors, which disrupts the existing balance of political and economic power in a nation.'¹⁹ However, when studying critical junctures as part of a political settlements approach, we stress the importance of analyzing 'political ruptures' – the political outcomes that occur during such periods. In this way, we stress that decisions made during such periods can lead to changes in the distribution of power among different groups within society, although they may not result in formal regime change or institutional change.²⁰

The second dimension of power in political settlements theory is the vertical distribution of power, which refers to 'the relative power of higher compared to lower factions within the ruling coalition'.²¹ Khan argues that the greater the relative power of higher factions over lower factions, the stronger the coalition's implementation and enforcement capacities. When analyzing the evolution of the vertical distribution of power, it is important to engage with the concept of legitimacy. However, it is difficult to calculate whether certain political regimes have been more popular or legitimate across history than others. Instead, in line with our focus on 'political ruptures', a good starting point is to understand legitimacy defined as 'the probability that other authorities will act to confirm the decisions of a given authority'.²² Using this definition helps us to understand regime legitimacy on the basis of whether authority has been contested (rather than if the population was obedient). Thus, the task of ascertaining whether the ruling coalition's relative holding power has been threatened depends on whether elite or non-elite groups forced a rupture in the distribution of power. Such ruptures help us identify which groups are the spoilers in political settlements. The fall-out from ruptures enables us to identify how political decisions were made to exclude or integrate groups into existing hierarchies of power.

The third dimension of power in political settlements theory refers to how political settlements have been and are financed. To study this, it is helpful to determine the relationship between the ruling coalitions and economic actors. These actors could be capitalists, but there are many economic actors that are not necessarily capitalist as they don't solely depend on the market for their reproduction. These actors could be identified by analyzing the ownership structure within

¹⁹ Acemoglu and Robinson, *Why Nations fail*, p. 106.

²⁰ One example of such analysis is Prithvi Behuria, 'Countering threats, stabilising politics and selling hope: Examining the Agaciro concept as a response to a critical juncture in Rwanda', *Journal of Eastern African Studies* 10, 3 (2016), pp. 434-451.

²¹ Khan, 'Political settlements', p. 65.

²² Charles Tilly, 'War making and state making as organised crime', in Dietrich Rueschmeyer, Peter Evans and Theda Skocpol (eds), *Bringing the state back in* (Cambridge University Press, Cambridge, 1985), pp. 169-187, p. 171.

particular sectors, but frequently groups with the most economic power will straddle multiple sectors. As such, examining the histories of particular firms and business groups is also critical. Insights into the relationship with key economic actors can also emerge from an examination of how those who work in financial institutions (especially when they were primarily state-owned or when states predominantly control access to economic opportunities) engage with the ruling coalition. In Rwanda, political ruptures within the dominant coalition were clear in the 2000s when two prominent Rwandan Patriotic Front (RPF) figures were fired from their positions leading locally-owned banks on charges of corruption. One left in exile and the other was jailed for several years. This sparked a rapid liberalization of banks, which occurred as a result of political ruptures within the dominant coalition.²³ This illustrates that it is useful to study how the relationships between the ruling coalitions and different economic actors and capitalists evolve. When ruptures occur, they may be signals that the prevailing distribution of power in political settlements is being threatened or consolidated.

Methodologies for how to 'do' political settlements research

Research that uses the political settlements framework has examined many topics in varied contexts. New topics of study include (but are not limited to) public service provision, education, social transfers and urban transitions.²⁴ The African countries that have been studied include (but are not limited to) Rwanda, Uganda, Tanzania, Mozambique and Ghana.²⁵ In *African Affairs*, five

²³ Prithvi Behuria and Tom Goodfellow, 'The political settlement and "deals environment" in Rwanda: Unpacking two decades of economic growth', (ESID Working Paper No. 57, Effective States and Inclusive Development Research Centre, Manchester, 2016).

²⁴ Marja Hirvi and Lindsay Whitfield, 'Public-Service provision in clientelist political settlements: Lessons from Ghana's urban water sector', *Development Policy Review* 33, 2 (2015), pp. 135-158; Abdul-Gafaru Abdulai and Sam Hickey, 'The politics of development under competitive clientelism: Insights from Ghana's education sector', *African Affairs* 115, 458 (2016), pp. 44-72; Tom Goodfellow, 'Rwanda's political settlement and the urban transition: Expropriation, construction and taxation in Kigali', *Journal of Eastern African Studies* 8, 2 (2014), pp. 311-329; Tom Lavers and Sam Hickey, 'Conceptualising the politics of social protection expansion in low-income countries: The intersection of transnational ideas and domestic politics', *International Journal of Social Welfare* 25, 4 (2016), pp. 388-398.

²⁵ For Rwanda, one example is David Booth and Frederick Golooba-Mutebi, 'Policy for agriculture and horticulture in Rwanda: A different political economy?' *Development Policy Review* 32, s2 (2014), pp. s173-s196. For Uganda, recent literature includes Anne Mette Kjaer, 'Political settlements and productive sector policies: Understanding sector differences in Uganda', *World Development* 68 (2015), pp. 230-241. For Tanzania, see Hazel Gray, 'Industrial policy and the political settlement in Tanzania: Aspects of continuity and change since independence', *Review of African Political Economy* 40, 136 (2013), pp. 185-201. For Mozambique, see Lars Buur, Carlota Mondlane Tembe, and Obede Baloi, 'The white gold: The role of government and state in rehabilitating the sugar industry in Mozambique', *Journal of Development Studies* 48, 3 (2012), pp. 349-362. For Ghana, see Lindsay Whitfield and Lars Buur, 'The politics of industrial policy: Ruling elites and their alliances', *Third World Quarterly* 35, 1 (2014), pp. 126-144.

recent articles have employed this approach using varied methodologies to study the politics behind policy reforms and associated rent distribution in Angola, Uganda, Ghana and Tanzania.²⁶ This research note engages the insights from existing works to showcase how a broader understanding of the composites of holding power can help us develop a clearer understanding of political settlements in African countries.

Holding power has been central to some recent work, which has employed the political settlements approach, including Abdul-Gafaru Abdulai and Sam Hickey's work on the politics behind the distribution of resources in Ghana's education sector and Tom Goodfellow's work on the politics behind the transformation of Kigali.²⁷ Holding power refers to 'the capability of an individual or group to engage and survive in conflicts.'²⁸ Thus, holding power refers to the capacity of groups to impose costs on others and also, the capacity to absorb costs inflicted on them. If the concept is extended to the realm of governance and institutions, enforcement of certain rules would be stronger if ruling groups had more relative holding power than groups in opposition to such rules. Conversely, if ruling groups had less relative holding power than the groups that opposed rules, enforcement capacity would be weaker.

Scholarship that has used the concept of 'holding power' has employed it in different ways. One way has been to analyze how rents have been distributed between different groups or different individuals within and outside coalitions.²⁹ Another strategy has been to focus on how elite access to influential positions is spread within a government's political, military and economic hierarchies. Abdulai and Hickey, following Stefan Lindemann's earlier work, use this strategy by examining the spatial distribution of holding power of different regions through the distribution of senior government positions.³⁰ If quantitative measures are sought to evaluate distributions of power in such ways, categories are often delineated on the basis of ethnicity, locational background or religion. A weakness of such strategies is that they assume that political mobilization only occurs on

²⁶ Abdulai and Hickey, 'The politics of development'; Sonia Languille, 'The scramble for textbooks in Tanzania', *African Affairs* 115, 458 (2016), pp. 73-96; Sam Hickey and Angelo Izama, 'The politics of governing oil in Uganda: Going against the grain?', *African Affairs* 116, 463 (2017): 163-185; Sylvia Croese, 'State-led housing delivery as an instrument of developmental patrimonialism: The case of post-war Angola', *African Affairs* 116, 462 (2017), pp. 80-100; Hazel Gray 'The political economy of grand corruption in Tanzania', *African Affairs* 114, 456 (2015), pp. 382 – 403.

²⁷ Abdulai and Hickey, 'The politics of development'; Goodfellow, 'Rwanda's political settlement'.

²⁸ Khan, 'Political settlements', p. 6.

²⁹ Douglass North, John Wallis, Steven Webb and Barry Weingast (eds), *In the shadow of violence: Politics, economics and the problems of development* (Cambridge University Press, New York, 2013).

³⁰ Abdulai and Hickey, 'The politics of development'; Stefan Lindemann, 'Just another change of guard? Broad-based politics and civil war in Museveni's Uganda', *African Affairs* 110, 440 (2011), pp. 387-446.

the basis of one salient group identity and neglect the possibility that individuals may mobilise support within and across groups. To develop a better understanding of political settlements, it is important to recognize that power often lies outside formal government positions and may be a product of overlapping and historical sources of power.

A third approach examines holding power through studying the historical evolution of the distribution of power in societies and to relate it to outcomes associated with policymaking in different sectors. Sylvia Croese's recent study of the politics behind state-led housing delivery in Angola is one example of this.³¹ Another interesting strategy employed by Sonia Languille is exploring the individual trajectory of prominent businessmen who eventually tried their hands in politics.³² All these approaches are valuable. However, holding power 'depends not just on the resources the organization can deploy but also on its power to mobilize support', or more precisely, it 'is partly based on income and wealth but also on historically rooted capacities of different groups to organize.'³³ Given this, we note that the strategies indicated above fail to take into account broader composites of holding power (including ideology or the allocation of violence rights). Though the methods that they have used provide interesting analyses related to their topics, a study of political settlements in developing countries is generally a macro-level study, which requires an analysis of the distribution of holding power and what constitutes such power in societies. In this regard sectoral studies cannot *necessarily* be extrapolated to cover such macro-level analysis.

However, such studies do point at important aspects of holding power. Importantly, they suggest that the wealth of an individual or group contributes to the amount of holding power that they enjoy in society. In this regard, Nicos Poulantzas argued that if capitalism is to be sustained in modern societies, the state must mediate both inter-class conflicts, as well as conflicts between factions of capitalist classes, while also promoting the expansion of capitalism as a whole.³⁴ For rapid capital accumulation the state must support capitalists, as argued by Poulantzas. However, he takes it as given that the state will reflect the interests of capital. Yet, as Colin Leys argues, in Africa, the state cannot simply be assumed to support capitalist accumulation strategies when the state does not see

³¹ Croese, 'State-led housing delivery'.

³² Languille, 'The scramble for textbooks'.

³³ Khan, 'Political settlements', p. 1.

³⁴ Nicos Poulantzas, *Political power and social class* (New Left Books, London, 1973).

its interests as being aligned with particular capitalist groups. This insight is key to the political settlements approach.³⁵

Clearly, the finances that capitalists provide to support politicians can spur conflict. Politicians must receive their funds from somewhere and the existing wealth of rivals can be a source of tension for ruling elites. However, a given government's policy decisions have an important impact in terms of the distribution of resources in any society and this is even more profound in a developmental setting. When studying certain policy decisions such as banning the import of second-hand clothing, it can be useful to identify the outcomes that result in terms of the distribution of market share in the domestic garments sectors.³⁶ Such processes can be a window into the evolution of power between capitalist actors and how successful they are at tapping into other mobilized political groups to protect their interests. Outcomes can show how new capitalist winners are 'picked', or how the same former importers are able to sustain their power by entering and capturing market share in garments production. A political settlements approach also involves looking at rents that flow outside the formal policy sphere, such as through illicit or corrupt off-budget flows. These can provide a critical insight into holding power and into the way that the state may support the accumulation strategies of capitalists outside the formal policy arena. This is particularly important where the claims of capitalists on the state have limited political legitimacy for historical reasons.³⁷

Importantly, evaluations of 'historically rooted capacities of different groups to organize' must go beyond an evaluation of who holds wealth.³⁸ The capacity of an individual or group to mobilize support often resides in their historical legitimacy. There is a tendency within economic models of conflict to retain assumptions of methodological individualism and rational choice. In the economics of conflict literature, such arguments are most closely associated by those, including Paul Collier and Anke Hoeffler, who see 'greed' as the most significant motivation for individuals to engage in conflict.³⁹ Douglass North and his colleagues take this further in their study of limited access orders and several others retain similar assumptions.⁴⁰ An associated assumption is that the poor have a comparative advantage in violence and that the unemployed are more likely to be mobilized for violence. However, Christopher Cramer shows that such arguments have many

³⁵ Colin Leys, *The rise and fall of development theory* (James Currey, Oxford, 1996).

³⁶ Prithvi Behuria, 'The political economy of import substitution in the 21st century: The challenge of recapturing the domestic market in Rwanda' (LSE International Development Working Paper Series No. 17-182, London, 2017).

³⁷ Gray, 'The political economy of grand corruption'; Gray, 'Industrial policy and the political settlement in Tanzania'.

³⁸ Khan, 'Political settlements', p. 1.

³⁹ Paul Collier and Anke Hoeffler, *Greedy and grievance in civil war* (World Bank, Washington, DC, 2001).

⁴⁰ North et al., *Violence and social orders*.

troubling assumptions.⁴¹ Instead, people resort to violence not just for monetary gain or for fear of being deprived of assets but also for social, emotional and ideological reasons.⁴² A political settlements approach does not share the methodological individualist assumptions of North's Limited Access Order framework. This means that it can be used to understand the historically variable relationship between violence and power as well as the geopolitical contexts of conflict that are excluded from conventional new institutional approaches.⁴³ Ideas and ideologies have come to play a role in political settlements research in terms of understanding legitimization and mobilization.⁴⁴ Hickey and Izama demonstrate how the interplay between ideas and interests within the political settlement in Uganda influence the governance of the oil sector. Work on how ideas matter in political settlements is evolving but it is not always clear why it may be more important to study ideology in some cases than in others. For example, Hickey and Izama's work in Uganda argues that ideology was an important determinant in the evolution of policymaking, while Abdulai and Hickey's work on Ghana demonstrates that it was less important in the education sector.⁴⁵ Part of the issue here is that there is no clear consensus on how to define ideas or ideology within a political settlements approach.⁴⁶ One option could be to view ideology as 'a neutral set of beliefs' while another is to take a more Marxian stance and see it as an 'inversion of reality' where economic actors, capitalists and the government use narratives to obfuscate the exploitation associated with accumulation strategies.⁴⁷

There are examples of studies that use the latter approach.⁴⁸ Lars Buur and Padil Salimo argue that ideas and interests can be intertwined in practice.⁴⁹ The ruling Mozambique Liberation Front (Frelimo) elite could, for example, see the benefits in agreeing to donor-driven social protection measures, as this helped it solve other problems related to poverty reduction and the continuation of

⁴¹ Christopher Cramer, *Unemployment and participation in violence* (World Bank, Washington, DC, 2010).

⁴² Christopher Cramer, *Civil war is not a stupid thing: Accounting for violence in developing countries* (Hurst, London, 2006).

⁴³ Gray, 'Access orders'.

⁴⁴ Hickey, 'Thinking about the politics'; Behuria, 'Countering threats'.

⁴⁵ Abdulai and Hickey, 'The politics of development'; Hickey and Izama, 'The politics of governing oil'.

⁴⁶ Hudson and Leftwich, 'From political economy'; Hickey, 'Thinking about the politics'; Tom Lavers and Sam Hickey, 'Investigating the political economy of social protection expansion in Africa: At the intersection of transnational ideas and domestic politics' (ESID Working Paper No. 47, Effective States and Inclusive Development Research Centre, Manchester, 2015).

⁴⁷ Christopher Cramer and Paul Richards, 'Violence and war in agrarian perspective', *Journal of Agrarian Change* 11, 3 (2011), pp. 277-297.

⁴⁸ Jeffery Paige, *Coffee and power: Revolution and the rise of democracy in Central America* (Harvard University Press, Cambridge, MA, 1997).

⁴⁹ Lars Buur and Padil Salimo, 'The political economy of social protection in Mozambique' (ESID Working Paper, Effective States and Inclusive Development Research Centre, Manchester, forthcoming).

fuel subsidies, helping it calm riots and societal unrest. Similarly, the adoption of the World Bank-driven and financed work for social transfers, which the government had avoided until the 2010 riots, was adopted relatively smoothly when it was seen as helping maintain foundational ideas like national unity organized in and around the continued dominance of the Frelimo party.

Historical studies of political parties can demonstrate how existing ruling coalitions legitimize their rule and how they use external and internal threats to build elite cohesion and popular support. Elites develop narratives to legitimize their actions. For example, in many African countries, the transition from one-party states to military regimes in the 1960s and 1970s, and the passage from military to democratic regimes in the 1980s, occurred ‘in the name of the fight against corruption.’⁵⁰ Once the power of ruling elites is contested, decisions to exclude or eliminate other elites or rivals are also accompanied by legitimating such actions on the basis of values or defiance of rules. Opposing narratives can often highlight the terms of ideological contestation between rival groups.

Furthermore, ideologies have implications for patterns of accumulation and therefore for how the distribution of power changes over time. Gray explores how the political commitment to creating socialism in the 1960s and 1970s in Tanzania and Vietnam affected the distribution of power in society through policies that constrained the economic power of capitalists while forging new collective economic institutions. Ultimately the productive transformation that was needed to make these institutions viable did not take place, but the ‘socialist political settlement’ provides an interesting juxtaposition to the distribution of power in other African countries that were guided by other political ideologies and commitments.⁵¹

Violence is another important source of holding power in societies. Antonio Giustozzi argues that controlling the monopoly of violence occurs through two very different processes. The first is the primitive accumulation of coercive power, which is characterised by war or untamed, indiscriminate violence.⁵² Such violence characterises the initial establishment of the monopoly. The second process is the consolidation of the monopoly of large-scale violence, which is threatened at various stages by rivals within and outside the ruling elite. Studying the changes in the allocation of violence rights in societies necessitates a study of the evolution of power and authority within national security services since threat often requires an alliance with factions within those groups.

⁵⁰ Jean-Pierre Olivier de Sardan, ‘A moral economy of corruption in Africa?’ *The Journal of Modern African Studies* 37, 1 (1999), pp. 25-52, p. 29.

⁵¹ Gray, *Turbulence and order*.

⁵² Antonio Giustozzi, *The art of coercion: The primitive accumulation and management of coercive power* (Hurst, London, 2011).

Giustozzi argues that studying the historical evolution of power within security services in late developing countries is essential to understand how the allocation of violence rights changes over time. Of course, many militaries in developing and developed countries are also involved in business.⁵³ Just take the recent debt crisis in Mozambique as an example where the ruling political elite together with the intelligence and security apparatus took secret loans to finance a low intensity civil war with the Mozambican National Resistance (Renamo), Frelimo's old foe.⁵⁴ Though that may imply that the accumulation of violence rights often goes hand-in-hand with the accumulation of wealth, it is not always the case. In fact, military actors often contest the actions of governments even if some individuals are offered rents, and at times, exclusion from violence rights can itself be a motive for conflict.

Studies using political settlements theory tend to focus on how groups, including ethnic groups in some contexts, currently distribute rents or political power in terms of official positions in the military, government or business. However, to study the 'historically rooted capacities of different groups',⁵⁵ it is essential to highlight that many individuals who have holding power do not hold formal positions of power. Those who lose their official positions may lose some degree of power and are excluded from the dominant coalition. However, they often retain power to challenge existing authorities. Many individuals who retain holding power may never hold any official positions.

Situating political settlements in the field of political economy of Africa

The political settlements approach shares a preoccupation with power and institutions with a range of other approaches within the field of political economy. In particular, political settlements research tends to focus on the phenomena of political clientelism, the use of state resources to maintain and create state legitimacy, informal processes of capitalist accumulation and political violence. These features of the contemporary political landscape are not exclusive to African countries. However, these phenomenon have been framed in very specific ways in much of the research on African countries that draw from neo-Weberian ideas of neopatrimonialism. A political

⁵³ Prithvi Behuria, 'Centralising rents and dispersing power while pursuing development? Exploring the strategic uses of military firms in Rwanda', *Review of African Political Economy* 43, 150 (2016), pp. 630-647.

⁵⁴ José Jaime Macuane, Celso Monjane and Lars Buur, 'The political economy of natural resource curse: The tale of Mozambique' (Paper Presented at African Studies Association, Cambridge UK, 7-9 September 2016).

⁵⁵ Khan, 'Political settlements', p. 1.

settlements approach differs from the neopatrimonial literature on clientelism in very important ways, in particular in understanding the causes and consequences as well as questioning the exceptionalism given to the phenomenon within research on African political economy. The neopatrimonial approaches have a long intellectual history within the study of Africa. Aristide Zolberg and Jean-Francois Medard represent the older school on neopatrimonialism and they emphasize the variability of patrimonial forms and link neopatrimonialism to capitalist transformation, demonstrating how incomplete such analysis turned out to be for Africa.⁵⁶ In the newer forms of neopatrimonialism approaches,⁵⁷ the drivers of neopatrimonialism are located in social relations and in a set of assumptions about the pre-modern basis of authority on which African states are constructed. The arbitrariness of patrimonialism was seen to stifle capitalism by lowering investment and preventing long-term planning by capitalists, as well as encouraging patrimonial leaders to arbitrarily favour their clients. The main problem with the neopatrimonial school, from a political settlements perspective, is that it does not provide a way of understanding how such political practices vary across the continent or across time and how forms of clientelist politics interact with other forms of political mobilization.

The political settlements approach instead starts from an attempt to understand the variations in the distribution of power across countries. Such variations produce diverse effects on the process of capitalist transformation, which has turned out to be remarkably uneven in African countries. This is in contrast to some who characterize clientelism as a uniquely African experience or a uniform characteristic of politics across African countries.⁵⁸ Scholarship that has emphasized ‘developmental patrimonialism’ – arguing that rents derived as outcomes of clientelism can be used in productive ways – continue to emphasise a ‘modal pattern’ of rent-seeking in relation to economic development.⁵⁹ Instead, a political settlements approach emphasizes the diversity among African countries in the distribution of power in society.⁶⁰ The drivers of clientelism in a political settlements approach emerge from specific colonial histories and contemporary economic structures

⁵⁶ See Gray and Whitfield, ‘Reframing African political economy’; Aristide Zolberg, *Creating political order: The party-states of West Africa* (Rand McNally, Chicago, 1966); Jean-Francois Medard, ‘The underdeveloped state in tropical Africa: Political clientelism or neopatrimonialism?’ in Christopher Clapham (ed.), *Private patronage and political power: Political clientelism in the modern state* (Pinter, London, 1982), pp.162-191.

⁵⁷ For a review, see Thandika Mkandawire, ‘Neopatrimonialism and the political economy of economic performance in Africa: Critical reflections’, *World Politics* 67, 3 (2015), pp. 563-612.

⁵⁸ Michael Bratton and Nicolas van de Walle, ‘Neopatrimonial regimes and political transitions in Africa’, *World Politics* 46, 4 (1994), pp. 453-480; Daniel C. Bach, ‘Patrimonialism and neopatrimonialism: Comparative trajectories and readings’, *Commonwealth & Comparative Politics* 49, 3 (2011), pp. 275-294.

⁵⁹ David Booth and Frederick Golooba-Mutebi, ‘Developmental patrimonialism? The case of Rwanda’, *African Affairs* 111, 444 (2012), pp. 379-403.

⁶⁰ Gray and Whitfield, ‘Reframing African political economy’.

that lead to particular distributions of power outside the formal institutions of the state. Thus, a political settlements analysis can provide a way of understanding the sources of political contestation and why it is very difficult to consolidate programmatic politics at particular moments in a country's history.⁶¹

A second issue regarding the neopatrimonial tradition is related to the unit of analysis. Neopatrimonial approaches draw on Weberian methodological individualism where rulers exercised patrimonial domination, which became supported with the help of the state bureaucracy in independent African states, and administrative staff chosen usually from ethnically faithful and dependent followers. This contrasts sharply with the structural perspective of the political settlements approach, which combines structural factors with individual choices and understands that individual choices are shaped by the distribution of power in society.

The basic assumptions related to capitalist transformation and individual/personal power posed by the neopatrimonial approach are shared by NIE approaches to power. While neopatrimonialism and NIE approaches differ in terms of some of their key conceptual building blocks, they nonetheless share a number of assumptions about the role of clientelism in economic change that differs from political settlements approach. In particular, they both assert the argument that poor economic performance is linked to the prevalence of neopatrimonial politics in African countries. In contrast, the political settlements framework demonstrates how clientelism and accumulation work together to create different paths of economic change.

The NIE framework of Daron Acemoglu, Simon Johnson and James Robinson starts from the idea of studying *de facto* power relations and *de jure* institutions by examining struggles over the distribution of resources.⁶² However, in their framework, formal institutions must ultimately conform to the distribution of *de facto* power and political struggle will occur between elites until [formal](#) institutions are in alignment with power relations. As argued earlier, a political settlements approach can explain why the distribution of power can reside outside institutions without reshaping formal institutions. Thus a political settlements analysis involves documenting the power struggles over flows of resources between groups rather than the institutional outcomes of such conflict.

⁶¹ Gray, *Turbulence and order*.

⁶² Daron Acemoglu, Simon Johnson and James Robinson, 'Institutions as a fundamental cause of long-run growth', *Handbook of Economic Growth* 1 (2005), pp. 385-472.

Another important contrast is that Acemoglu and Robinson's framework starts off from an analysis of elites as the most important group in society.⁶³ This approach stems from the work of Mancur Olson who argues that elites are the most important social actors as they have superior organizing skills and therefore have a privileged position in mobilizing collective action.⁶⁴ Related to this focus, some of the donor-funded research programmes that take up the political settlements approach (the Developmental Leadership Programme and the African Politics and Power Programme) have linked the distribution of power to an analysis of elite bargains. This has contributed to the misunderstanding political settlements approaches focus solely or primarily on elite power.

In a political settlements approach, the distribution of power cannot simply be read off from a study of elite politics, but starts from a much broader mapping of the groups that hold power in society,⁶⁵ including both elite and non-elite groups. The class-theoretic roots of the political settlements framework are much more apparent in the earlier work on political settlements, which focused on the role of intermediate class groups (a term that originates in the work of Michal Kalecki on India)⁶⁶ rather than elites as the key political organizers within multi-class clientelist networks.⁶⁷

In terms of understanding the drivers of economic change, the political settlements approach involves studying the way that specific groups gain security and how specific incentives for learning are imposed either by the state or through pressures and relationships between different groups in the private sector. This is more open than for mainstream institutional theory, in which political order that protects private property and promotes competition is argued to be a necessary pre-condition for explaining sustained economic change and development. For example, in East Africa while Asian industrialists were marginalized from formal politics, many were able to protect their property rights due to informal relations involving financial support to ruling parties. While

⁶³ Acemoglu and Robinson, *Why nations fail*.

⁶⁴ Mancur Olson, *The rise and decline of nations: Economic growth, stagflation, and economic rigidities* (Yale University Press, New Haven, CT, 1982).

⁶⁵ Mushtaq Khan, 'Class, clientelism and communal politics in Bangladesh', in K.N. Pannikar, Terrence Byres and Utsa Patnaik (eds), *The making of history: Essays presented to Irfan Habib* (Rulika, Delhi, 2000), pp. 572-606; Gray, 'Industrial policy and the political settlement in Tanzania'.

⁶⁶ Michal Kalecki, 'Social and economic aspects of intermediate regimes', in Michal Kalecki (ed.) *Selected essays on the economic growth of the socialist and mixed economy* (Cambridge University Press, Cambridge, 1971).

⁶⁷ Mushtaq Khan, 'Markets, states and democracy: Patron-client networks and the case for democracy in developing countries', *Democratization* 12, 5 (2005), pp. 704-724; Mushtaq Khan and Hazel Gray, 'State weakness in developing countries and strategies of institutional reform – Operational implications for anti-corruption policy and a case study of Tanzania' (Report prepared for DFID, London, 2006).

this facilitated certain forms of investment in the domestic economy, it also made industrial policy more difficult to implement as open transfers to support industry were politically untenable.⁶⁸

This leads us to a final issue concerning the status of the political settlements theoretical approach. Does the political settlements approach allow for prediction in the mold of NIE and mainstream political science approaches? Khan's much referenced political settlements typology of patron-client factions and the structure of the ruling coalition involves four ideal types: Potential Development Coalitions, (vulnerable) Authoritarian Coalitions, (weak) Dominant Coalitions and Competitive Clientelism.⁶⁹ These ideal types are often employed as *if* one can actually predict certain outcomes depending on how a particular settlement is classified. We suggest this is deeply misleading. In recent work, Buur, Whitfield and others show that countries with similarities in the structure of the ruling coalition can have very different outcomes for the implementation of industrial policies within the same overall institutional context.⁷⁰ We would instead argue that the real value of Khan's ideal types is not the ability to predict, but that the approach, as a set of theorized mid-range contentions, is a good basis for construing informed hypotheses. Further elaboration on Khan's typologies can be excellent theoretical tools for constructing hypotheses pointing at the three basic levels of analysis related to the vertical distribution of power, the horizontal distribution of power, and how a given political settlement is financed.

This is important because a given political settlement is in constant processes of change, but can be analyzed over a concrete time-period. A political settlement is a high-level description of the distribution of power and institutions in a country, but the same analysis can be applied to particular regions or sectors. While there might be distinct features of the political settlement at different levels within the state or within different organizations or regions, an understanding of the overarching political settlement is needed to understand the local importance of particular features of institutions and distributions of power. While questions of power and institutions are relevant across a whole range of social phenomena, a political settlements analysis provides unique insights into questions related to economic and political change. This is because it places these processes specifically within the context of global capitalism, and therefore avoids narrow methodological

⁶⁸ Gray, 'Industrial policy and the political settlement in Tanzania'; Lindsay Whitfield, Ole Therkildsen, Lars Buur and Mette Kjær, *The politics of African industrial policy: A Comparative Perspective* (Cambridge University Press, New York, 2015).

⁶⁹ Khan, 'Political settlements'.

⁷⁰ Whitfield et al., *The politics of African industrial policy*; Whitfield and Buur, 'The politics of industrial policy'.

nationalism, while allowing for a much richer understanding of the economy that draws from heterodox theories of economic change.

Conclusion

This Research Note has presented our understanding of the political settlements approach and has argued that it offers a distinctive and valuable addition to the political economy tools of analysis for African countries. The political settlements approach provides an alternative framework to NIE and Weberian neopatrimonial theories. It allows for a more open understanding of the relationship between political order and economic change, where economic change is explained as resulting from accumulation and incentives that can be shaped in different ways by ideas, formal and informal institutions and the distribution of power.

Determining the distribution of holding power in a society requires combining an understanding of economic structure and how rents are distributed between different groups with an examination of other factors including ideology and the appropriation of violence rights. To develop studies of political settlements in particular countries, a historical study of the evolution of holding power arrangements should be complemented with an examination of political ruptures and the contestation that occurs during such moments. Advancing political settlements research could also encompass fine-grained historical and ethnographic work to understand the informal relations between the state and firms that underpin particular political settlements in African countries. This demands in-depth historical knowledge and theoretical understanding that spans a range of different disciplines, which is challenging but rewarding.