BSC_ch04.qxd 8/3/04 8:44 AM Page 109

4

Reforming Pay Policy: Techniques, Sequencing, and Politics

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The argument that adequate pay is crucial to sustaining the motivation, performance, and integrity of public servants has been widely accepted and documented.[1] Evidence from around the world indicates that when their salaries are low, government workers either cut back their productivity or on their work hours. The decline in production is greater as the compensation diminishes. As an alternative, they will actively seek to switch to jobs in the private sector.

In many countries in Africa and elsewhere, the economic crises of the 1970s and 1980s, and the attendant deterioration in service delivery, brought public service employment and pay reform to the fore of the policy agenda. Yet despite the extensive documentation of the seriousness of the problems and issues associated with pay reform and the repeated efforts at reform, poor pay has remained an intractable policy issue in most public services around the world.

Public service pay is indeed a complex policy issue. Stakeholders interests are many and diverse, as are the policy objectives that political groups seek through pay decisions, such as the following:

- Pay policy can be used to pursue egalitarian and equity goals.
- Labor unions and vested groups in the public service often ignore labor market prices.
- Raising pay is difficult when budgetary allocations to operational and maintenance costs are low.
- Significant improvements in service delivery entail expansion of the workforce.

1. Throughout this chapter, pay is defined as the sum of salary, allowances, in-kind benefits, and retirement benefits.

BSC_ch04.qxd 8/3/04 8:44 AM Page 110

- Pay operates in conjunction with other organizational and managerial systems.

In this context, public service pay issues are obviously extremely political, and several questions about the political aspects of public service pay policies are pertinent, namely:

- What is the political rationale for or against public service pay reform?
- What are the critical political (including ideological) and institutional constraints regarding pay reform?
- Which interests are affected by pay reform, how, and to what degree?
- Which individuals, groups, and institutions are critical players in the pay reform process and why?
- What is the political rationale for the choices that have been made or for not making those choices?
- What factors have constrained implementation of pay reform decisions?

This study examines the tactics, techniques, sequencing, and politics of pay policy in eight countries in Africa: Benin, Botswana, Burkina Faso, Ghana, Tanzania, Senegal, Uganda, and Zambia. The objectives of the study are as follows:

- Systematically collect and organize data and information on public service pay reform experiences in the selected countries
- Explore and describe the context and limits to which models have guided pay reform strategies and policies in the selected countries
- Explain the political contexts and rationales underlying pay reform policies and strategies adopted by the selected countries.

These issues are addressed in the sections that follow.

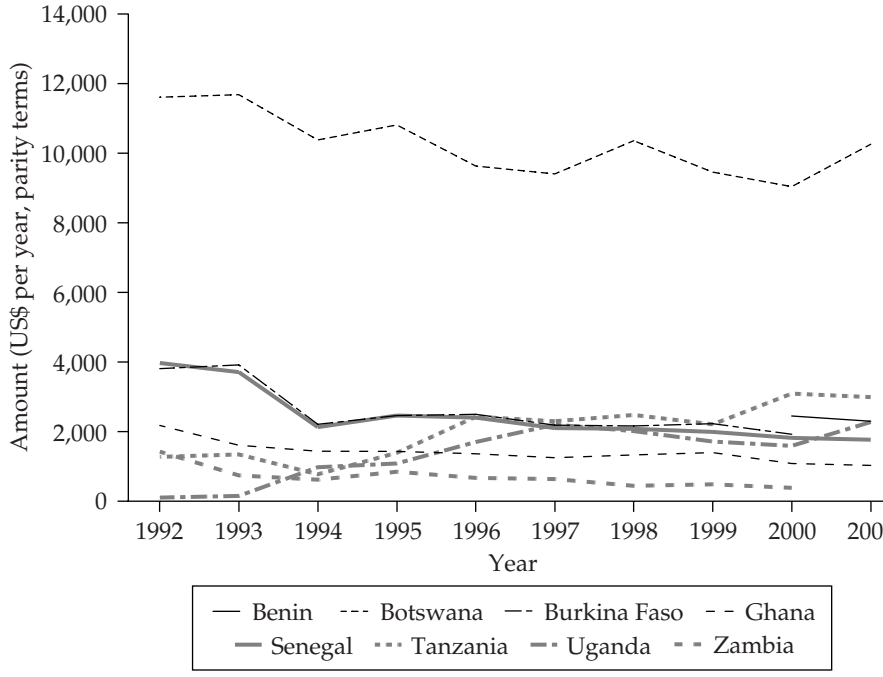
Pay Trends and Structures

The survey data indicate that six out of the eight study countries experienced either an overall decline or stagnation in salary levels between early 1990s and the turn of the century.[2] This trend is as illustrated in figures 4.1

2. An overall decline in salary levels does not necessarily translate to an overall reduction in real pay because allowances and benefits could be used to compensate. Salary remains the core element of any pay system, however. In fact, the replacement of salary by allowances and benefits, in the majority of cases, is a choice of tactics and techniques to deal with such external factors as taxation (where allowances and benefits permit tax avoidance) or political considerations (as when such allowances and benefits must be paid selectively, inequitably, and nontransparently).

BSC_ch04.qxd 8/3/04 8:44 AM Page 111

Figure 4.1. *Comparative Trends in Median Salary Levels for the Study Countries, 1992–2001*



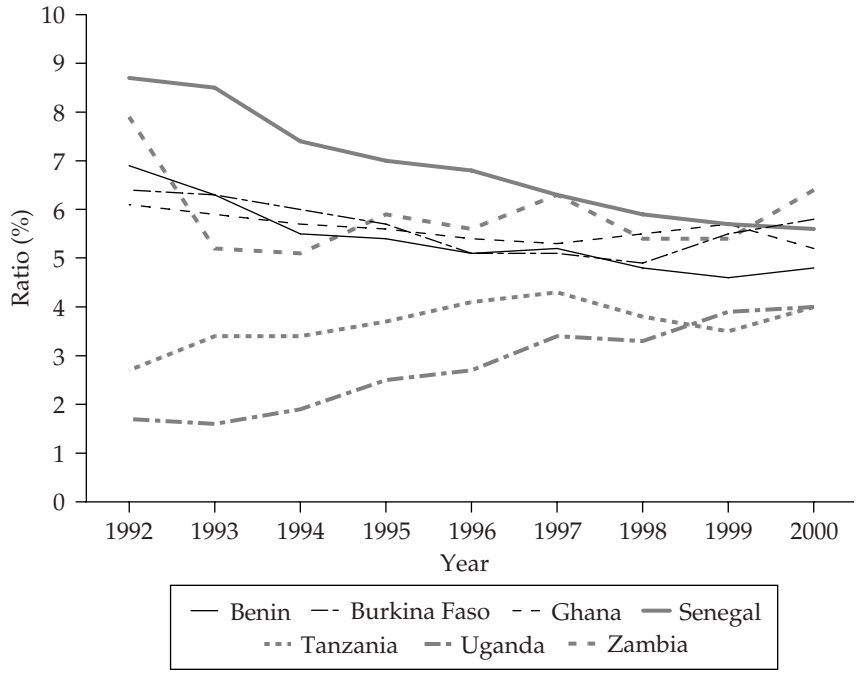
Source: Government data.

and 4.2. Salary data on Benin were not available except for 2000 and 2001, but the interviews with key officials confirmed that the trend was the same as with other francophone countries of West Africa. In Burkina Faso and Senegal, real salaries declined for all groups, but governments increasingly used allowances and in-kind benefits to raise pay. However, these allowances were selectively awarded to teachers, health workers, and magistrates. Apparently the trade unions of these groups had pressured the government into this action. At the same time, the public service elite in these countries, for example, ministers, members of the national assembly, and secretary generals, also awarded itself more allowances and in-kind benefits. Therefore in Burkina Faso and Senegal, only those public servants in politically weak or disadvantaged categories, that is, nonunionized middle to senior cadres and members of the weaker unions, bore the full brunt of the decline in real salaries.

In Ghana and Zambia, real salaries generally continued to drop through the 1990s despite recurring, almost annual, nominally large salary increases

BSC_ch04.qxd 8/3/04 8:44 AM Page 112

Figure 4.2. *Comparative Trends the Wage Bill to Gross Domestic Product Ratio for the Study Countries (excluding Botswana), 1992–2000*



Source: Government data.

that the strong trade unions in these countries achieved by persistently pressuring the governments.

- Ghanaian public servants had salary increases in
  - 1994 (20 percent)
  - 1996 (38 percent)
  - 1997 (10–18 percent)
  - 1999 (20–42 percent)
  - 2000 (21 percent in March and 20 percent in November).
- Zambian public servants had general salary increases in
  - 1990 (50 percent)
  - 1991 (50 percent)
  - 1992 (27 percent)
  - 1993 (5 percent in April and 50 percent in September)
  - 1994 (24 percent)

BSC_ch04.qxd 8/3/04 8:44 AM Page 113

- 1995 (30 percent first and later another 45 percent)
- 1996 (105 percent in April and about 12 percent in September)
- 1997 (38 percent)
- 1999 (40 percent)
- 2000 (20 percent in April and 15 percent in October).

These frequencies generally reflect the intensity of pressure from trade unions that governments in these two countries feel.

Despite the general decline in real salaries, the government of Benin managed to stick with a mix of (a) a salary freeze in promotions effected in 1987, and (b) modest adjustments based on the salary index throughout much of the 1990s. It apparently achieved this stasis by a combination of two political tactics. First, trade unions were co-opted in various ways, including by maintaining continuous dialog with them. Second, unions were indirectly intimidated or undermined by the promotion of an alternative cadre of nonunionized employees whom the government had employed on contract terms. In the teaching profession, for example, as of mid-2002, up to 60 percent of the work was performed by about 8,000 contract workers. Therefore the Benin government is not under severe trade union pressure from strike threats as is the case in, for example, Burkina Faso, Ghana, Senegal, and Zambia.

The two countries where real salary levels in 2000 were above those prevailing in the early 1990s are Tanzania and Uganda. Consequently, even though by comparison these countries had the lowest salary levels in 1992 (see figures 4.1 and 4.2), by the end of the decade they generally had higher salary levels than the other study countries except Botswana. The turnaround in salary trends in both Tanzania and Uganda was launched with measures to consolidate allowances and other pay benefits into salaries. These measures were strongly influenced by structural adjustment program (SAP) conditions targeted at enabling the effective control of the public service wage bill, which was considered a crucial element in the strategies to reinstate fiscal discipline and stability. Beyond the consolidation of allowances, however, the two governments have, with varying degrees of success, maintained the policy objective of enhancing their employees' salaries. The momentum for regular raises in public service salaries has largely been sustained by the commitment of influential technocrats, who have continue to present their political leaders with politically acceptable policy and strategy papers on the subject.

The support of key development partners to the agenda presented by technocrats, especially the World Bank and the United Kingdom's Department for International Development, has also played an important part in

BSC_ch04.qxd 8/3/04 8:44 AM Page 114

persuading political leaders in Tanzania and Uganda to sustain salary raises for public servants over the past decade or so. In Tanzania, these donor partners have supported the implementation of an accelerated salary enhancement scheme that is performance-oriented and selective. With the development partners' support, this scheme tops up salaries for specifically tasked and well-performing technical, professional, and managerial staff to levels in line with the medium- to long-term target salary levels for these grades of personnel. In Uganda, progress in enhancing the salaries of public servants has been a condition under SAPs and their successors, that is, poverty reduction support credits. Thus the convergence of a number of internal and external factors has been crucial to the apparent successes of Tanzania and Uganda in sustaining public service pay policies over the past decade.

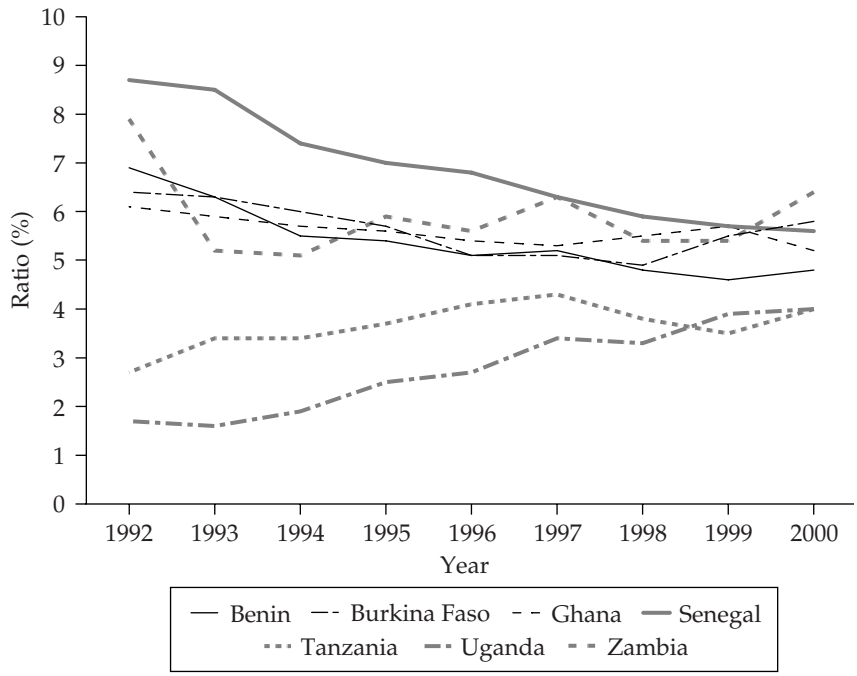
Botswana stands out as paying its public servants high salaries (in U.S. dollar parity terms) compared with the other study countries. In 2000 the top salary level in Botswana was estimated at about US$40,235 per year. This extraordinary position of Botswana is in line with the country's macroeconomic status, especially its high gross domestic product (GDP) per capita, high rate of economic growth, and budget surpluses for most years. The next closest salary level was in Uganda, which was estimated at about US$12,908 per year. The lowest of the top salary levels was in Ghana, at about US$3,373 per year.

The data from the case studies suggest that in the first half of the 1990s the wage bill to GDP ratio was on the decline in all the study countries except Tanzania and Uganda. These two countries have consistently raised their wage bill to GDP ratio, albeit from rather low levels, between 1992 and 2000 (figure 4.3). Furthermore, because these economies were growing in those years while employment numbers were generally declining or under control, the rise in the wage bill to GDP ratio translated into real increases in public service pay levels. Nevertheless, the trends suggest extraordinary control of the wage bill in the context of each country's macroeconomic and fiscal framework.

Zambia has also had a comparatively high wage bill to GDP ratio: nearly 8 percent in 1992 and just above 6 percent in 2000. Considering that both top and bottom salary levels for Zambia (in U.S. dollar parity terms) are significantly lower than for both Tanzania and Uganda, the comparatively high wage bill to GDP ratio suggests that either the Zambia public service has a comparatively high number of employees or that actual pay levels are much higher than the salary levels indicate. In the latter case, a much higher portion of the compensation for public servants in Zambia would be paid in the form of allowances. Either way, introducing pay reform in Zambia would be difficult, whether because of difficulties in introducing transparency in the pay system or because of controlling growth in numbers.

BSC_ch04.qxd 8/3/04 8:44 AM Page 115

Figure 4.3. *Comparative Nominal Wage Bill to GDP Ratio for the Study Countries (excluding Botswana), 1992–2000*



Source: Government data.

Fluctuations in the wage bill to GDP ratio over the past decade have been much less pronounced for the three francophone study countries: Benin, Burkina Faso, and Senegal. The ratios for these countries were between 6 and 7 percent in 1992 and between 5 and 7 percent in 2001 (figure 4.4). Nevertheless, this reduction in the ratio translated to reduced levels of pay.

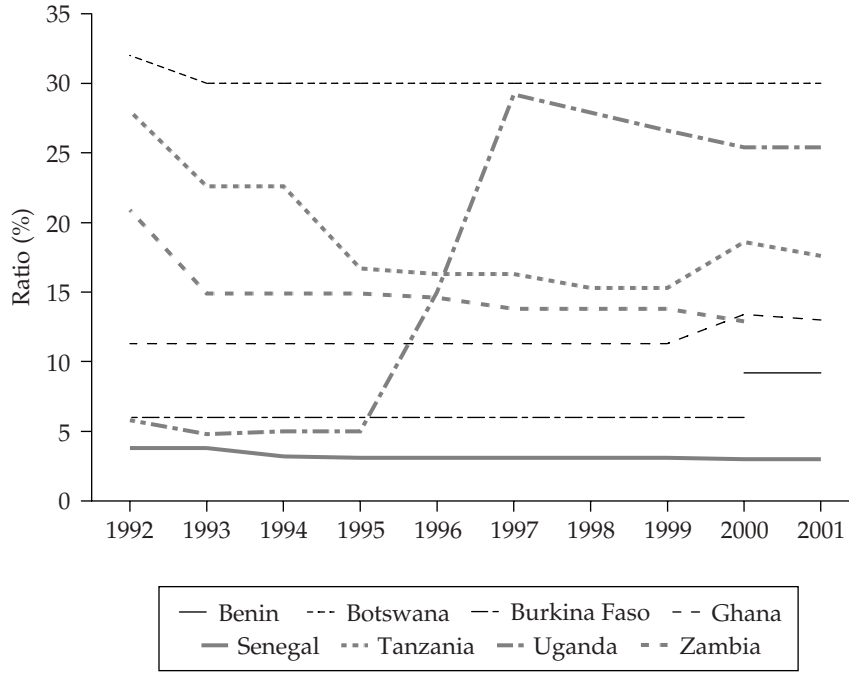
Botswana again stands (figure 4.3) out, by a considerable margin and for virtually all the years, as the study country that had the highest nominal wage bill ratio,[3] amounting to about 9 percent in 2000. This ratio is consistent with the comparatively high levels of salary that also prevail.

Except where GDP growth is high, a reduction in the wage bill to GDP ratio would necessarily compel a reduction in either average pay levels or

3. The wage bill to GDP ratio is qualified here as nominal, because in countries that have weak budgeting and wage bill accounting, significant elements of the wage bill are hidden under nontransparent expenditure items.

BSC_ch04.qxd 8/3/04 8:44 AM Page 116

Figure 4.4. *Nominal Salary Decompression Ratio for the Study Countries, 1992–2001*



Source: Government data.

employment numbers. As described in the previous section, in the slow-growth countries, pay levels were allowed to drop. One important political leverage for achieving this reduction in the wage bill to GDP ratio in these countries during the 1990s was the binding article of the Economic Commission of West Africa States that commits all member countries to a maximum wage bill to government expenditure ratio of 35 percent. The governments of the region have invoked this article in negotiating with trade unions.

The salary decompression ratio is an important attribute of a pay structure, with a low ratio indicating a commitment to an egalitarian pay structure, one that minimizes the pay differential between the higher and lower echelons of the public service. This minimization is normally achieved through a combination of deliberately suppressing the salaries of those at the top levels, usually to below the market value for their skills, and raising the salaries of the unskilled and semiskilled labor force to above the market wage. The study data suggest that among the study countries, Senegal's ratio has remained the lowest: it fell from 3.8 in 1992 to 3.0 in 2000. Benin

BSC_ch04.qxd 8/3/04 8:44 AM Page 117

and Burkina Faso have also kept to a low (below 10) salary decompression ratio. Unskilled and semiskilled workers have been too strong politically to allow the decompression needed to match pay levels with skills and responsibilities. Not surprisingly, the top salary levels in these countries (which in 2000 were US$9,026, US$5,537, US$3,373, and US$3,180 for Benin, Burkina Faso, Ghana, and Senegal, respectively) are too low to keep professionals in the public service. Ghana closely follows this pattern with a decompression ratio of about 12 to 13 during 1992–2001 (figure 4.4). Zambia started relatively high at about 20 in 1992, but after a steep drop in 1993, it has remained at about 15. Even at this reasonably high decompression, however, salary levels at the top are comparatively very low.

Uganda also had a low salary decompression ratio (about 5) in the first half of the 1990s. In 1996 and 1997, however, the salaries of top civil servants (permanent secretaries) were dramatically raised. As a result, by 1997 the salary decompression ratio in Uganda was about the same level as that of Botswana (30). Since then, it has gradually declined to about 25, which is still high and is surpassed only by that of Botswana among the study countries (figure 4.4). However, a Cabinet decision in 2000 endorsed a target compression ratio of 20 for Uganda's public service. Tanzania's ratio was high, in the 20s, during the early 1990s, but since then has remained in the 15 to 20 range, which may be regarded as moderate.

A unique macroeconomic and fiscal situation sets Botswana apart from the other study countries in terms of the levels, structure, and trends of public service pay. The country has maintained comparatively very high salaries for all levels of its public service throughout the 1990s and to the present. The pay structure decompression ratio, which has remained at above 30.0, is also high even by international comparisons. Furthermore, even though the country's GDP per capita is much higher than that of any of the other study countries, the wage bill share of GDP also remained quite high throughout the 1990s, at about 10 percent.

In sum, the comparative analysis of trends in pay levels, wage bill, and salary structure shows a steady deterioration in public service pay in the three francophone countries (Benin, Burkina Faso, and Senegal) during the 1990s. At the start of the decade, salary levels in these countries were much higher than they were in the other four study countries (except for Botswana), but by 2000 these four were at the bottom of the group. The consistently egalitarian character of the pay system in these countries, as indicated by a comparatively low salary decompression ratio of less than 10 is also noteworthy. While the need for long-term reform seems clear, given the political forces that have brought about this situation, the reform process will be a difficult one and the political stakes are likely to be high.

BSC_ch04.qxd 8/3/04 8:44 AM Page 118

Among the anglophone countries, public services also started the 1990s with fairly high salary levels in Ghana and Zambia, especially when compared with Tanzania and Uganda. By 2000, however, the situation had reversed. Salary levels in Tanzania and Uganda had steadily risen (in U.S. dollar parity terms) over the decade but were sliding in Ghana and Zambia. This outcome is consistent with the observed gradual rise in the wage bill share of GDP in Tanzania and Uganda, whereas that share was generally declining in Ghana and Zambia. These trends suggest the possibility of more political tension in public service pay decisions in Ghana and Zambia than in Tanzania and Uganda.

Tactics, Techniques, and Models

We found a plethora of tactics and techniques in relation to decisionmaking about public service pay across the study countries and linked them to eight models of pay policy decisionmaking (table 4.1).[4]

An examination of the decisionmaking models reveals three dominant policy orientations: technically rational, politically rational, and politically reactive. Table 4.2 shows that four of the eight pay decision models fall roughly into the technically rational policy orientation: the performance based, the market-benchmarking, the job evaluation and regrading, and the wage bill and employment rationalization models. The emergence of technically rational models of pay reform in the study countries is relatively recent. The introduction of the models can be associated with neoliberal economics on the back of SAPs and new public management. From the perspective of concepts of modern public sector management that are in vogue, the technically rational orientation is ideal for the following reasons:

- Pay levels are consistent with the productivity of employees because the adjustments are related to performance.
- Government is able to recruit, retain, and motivate personnel with the skills it needs by matching market wages for these skills and accepting a decompression of the pay structure.
- Pay awards are equitable in relation to the marketability of skills and the responsibilities of employees.

4. The configuration of public service pay decision models that is presented here is figurative and not definitive. Therefore the tactics and techniques are not entirely exclusive to each model. To our knowledge, such systematic identification, categorization, and consolidation of the tactics and techniques has not been attempted before in either the academic literature or in practice.

BSC_ch04.qxd 8/3/04 8:44 AM Page 119

Table 4.1. *Models, Tactics, and Techniques*

Characteristics approaches models	*Characteristic techniques and tactics*
Corporatism	• Mandate a statutory national incomes and employment body and task it to define policy targets and limits that bind both public and private sectors in pay adjustments. • Control collective bargaining agreements with a government-appointed salary review commission; trade unions affiliated to the ruling party.
Salary indexation	• Invoke mathematical and statistical basis for early fixing of future pay. • Negotiate and agree to future levels many years in advance. • Preempt future negotiated outcomes. • Ensure government and workers representatives negotiate indexes by which salaries for various grades will be adjusted over the years. • Assign task of automatic adjustment of salaries to the ministry of finance.
Wage bill and employment rationalization	• Define wage bill ceiling for fiscal stability. • Reduce and control employment to within wage bill ceiling. • Adjust salaries within the wage bill envelope. • Enhance transparency of pay system. • Attach a monetary value to in-kind benefits. • Consolidate allowances and attach a monetary value to benefits within a basic salary structure. • Eliminate distortions and nontransparent compensation (allowances). • Reduce external pressure to accord priority to fiscal stabilization. (This reduction is usually made as part of structural adjustment.) • Eliminate allowances and in-kind benefits not associated with facilitating specific organizational functions or operations. • Prepare government to absorb the additional wage bill and improve wage bill control. • Enhance fairness, equity, and efficiency of the salary structure and improve the post-employment compensation structure.

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BSC_ch04.qxd 8/3/04 8:44 AM Page 120

Table 4.1. *(continued)*

Characteristics approaches models	*Characteristic techniques and tactics*
Pressure driven patronage	• Encourage powerful or influential groups to put pressure on or threaten the government with industrial action or political consequences. • Allow collective bargaining to become out of control. • Allow government to yield to the pressures and threats usually by an award of allowance outside the salary structure. • Use allowances and in-kind benefits frequently. • Introduce new salary scales for select groups.
Cost of living cum egalitarian	• Determine the minimum acceptable standard of living for the public servant as the basis for establishing a target minimum salary. • Accord priority in salary adjustment to achieving the minimum living wage (if necessary, compress the structure).
Job evaluation and salary regrading	• Perform comparative analysis and regrading of jobs as specified. • Pursue both fairness and equity. • Encourage limited participation. • Use expert opinion.
Market-benchmarking	• Perform comparative salary survey across sectors. • Decompress salary structure in favor of the senior and skilled staff. • Establish a parallel progression salary structure for skilled professionals.
Performance-based adjustments	• Determine productivity measures. • Benchmark performance. • Use performance contracts to define employment terms.

Source: Authors.

- Public service employment and pay levels are managed to ensure a level of affordability of the wage bill that is consistent with fiscal discipline and stability.
- Pay structures are generally transparent.

In the technically rational school, the perspective of public service issues is comparatively narrow. Analysts have a tendency to oversimplify the consequences of the decisions made, especially in terms of how they are experi-

BSC_ch04.qxd 8/3/04 8:44 AM Page 121

Table 4.2. *Three Major Categories of Models, Policy Orientations, and Decisionmaking Models*

Model category	*Main policy concerns*	*Pay decisionmaking models*
Technically rational	• Productivity of the workers • Ability to recruit, retain, and motivate skilled workers • Fairness of the compensation system • Transparency of pay structure • Affordability of the wage bill	1. Performance-based 2. Market-benchmarking 3. Job evaluation and regrading 4. Wage bill and employment rationalization
Politically rational	• As above but moderated by political considerations • In some countries, egalitarianism	5. Corporation 6. Salary indexation 7. Cost of living cum egalitarian
Politically reactive	• None that is conscious or coherent • In some countries, regime survival	8. Pressure-driven patronage

Source: Authors.

enced or perceived by various interest groups. An implicit assumption is that bad politics underlie the problems in public service pay. Therefore analysts further assume that by depoliticizing the decisionmaking, more efficient and effective solutions to the problems will be realized. Such rationalist policies pushed Ghana into unsustainable public service pay policies in the late 1980s, only to slide back into deep crisis in the 1990s.

The second dominant policy orientation among the pay decisionmaking models is the politically rational model. The policy orientation is political and rational because the government is ready to acknowledge the strength of other protagonists in public pay decisionmaking, especially the trade unions and other organized workers' groups, and systematically factors political considerations into the decisionmaking processes. In other words, the government chooses to adopt less than ideal (technically rational) solutions in public service pay issues. The models that fall into this orientation include cost of living cum egalitarian, salary indexation, and corporatism.

The third dominant policy orientation is also political, but it is reactive. This orientation corresponds to the pressure-driven model of public service pay orientation. As elaborated earlier, this model is associated with the absence of a coherent policy and strategy.

BSC_ch04.qxd 8/3/04 8:44 AM Page 122

Table 4.3 maps out the study countries' choice of pay models through five crudely defined political-economic epochs, from 1960 to 2000. The table highlights the three main categories described in the previous section, that is, technically rational, politically rational, and politically reactive. The results of the mapping show the following:

- In the 1960s and first half of the 1970s, governments in all the eight study countries generally confined themselves to the use of politically rational pay decisionmaking models.
- In the following decade (1975–85), pay decisionmaking in Burkina Faso, Benin, Ghana, and Uganda degenerated to the politically reactive mode.
- In the second half of the 1980s, while an SAP propelled Ghana to a technically rational framework, albeit temporarily, Zambia moved down to the politically reactive zone.
- During the first half of the 1990s, Ghana not only abandoned technical rationality, but also dipped into political reactive models. During this period, when Tanzania was liberalizing the economy but resisting SAPs, it joined Ghana and Zambia in the politically reactive zone.

Table 4.3. *Study Countries' Choices of Pay Models through Five Political-Economy Epochs, 1960–2000*

	Epochs				
Model	*1960–75*	*1975–85*	*1985–90*	*1990–95*	*1995–2000*
Technically rational			Ghana	Botswana Uganda	Botswana Tanzania
Politically rational	Burkina Faso Benin Senegal Zambia Botswana Ghana Uganda Tanzania	Botswana Senegal Zambia Tanzania	Botswana Senegal Tanzania	Senegal Burkina Faso Benin	Uganda Senegal Burkina Faso
Politically reactive		Ghana Burkina Faso Benin Uganda	Zambia Burkina Faso Benin Uganda	Tanzania Zambia Ghana	Benin Ghana Zambia

Note: The orderng of countries within each cell is based on the authors' sense of the predominant pay policy model prevailing in each of the countries during the period indicated. The time periods (epochs) cannot be definitively established, hence the apparent overlap of years.

Source: Authors.

BSC_ch04.qxd 8/3/04 8:44 AM Page 123

Meanwhile Uganda shifted to technical rationality, as evidenced by massive reductions in public service employment from 320,000 to about 150,000 and the consolidation of all allowances into a basic salary structure. During the same period, through a combination of job evaluation and market-benchmarking measures, Botswana consolidated its perch in the technically rational zone.

- In the second half of the 1990s, Benin joined Ghana and Zambia in the politically reactive model zone. Tanzania rapidly ascended into the technically rational zone, where Botswana remains. Uganda, however, began to drift back into the politically rational zone, where Burkina Faso and Senegal remain.

The mapping indicates that with the partial exceptions of Botswana, Tanzania, and Uganda, the sequencing of public service pay policy has generally been haphazard rather than strategic. Since the early years of Botswana's economic boom, its government adopted the policy objective to compete for skilled human resources at both national and international levels. Subsequent decisions that underlie the technical rationality of its public service pay decisionmaking model in the 1990s, however, were not, at least not explicitly, a result of a strategic commitment to a series of sequenced decisions. Therefore, the trends in Botswana depict consistency and not a long-term sequencing decision at some point.

Some evidence indicates the use of sequencing in Uganda as it transited from politically reactive decisionmaking in the late 1970s and 1980s to a political rational model in the first half of the 1990s (table 4.3). The SAP-driven strategy that planned for halving personnel numbers was a prelude to the introduction of a transparent salary structure and a hefty raise in salaries, which took place between 1994 and 1996. Beyond that, the intent was that the pay structure would support results-oriented management, which implied a technically rational pay system. This strategy was not sustained, however, and the sequencing plan is no longer in place.

Sequencing considerations have also been evident in the Tanzanian strategy for public service pay policy adopted by the Cabinet in January 1999, which explicitly stipulated the following:

- In the short to medium term, market-benchmarking and the implementation of job evaluation and salary regrading would be the main features of decisions on public service pay.
- The adoption of a performance-related model would be a long-term goal pending improvements in public sector capacity and performance.
- The sustained reduction, control, and rationalization of public service employment were necessary to achieve the long-term policy objectives.

BSC_ch04.qxd 8/3/04 8:44 AM Page 124

Even in the Tanzanian case, however, the sequencing plans were never fully explicit and concrete.

These three exceptions aside, the oscillation between models over the years (table 4.3) and the attendant instability and inconsistencies in pay levels and trends across the study countries (figure 4.1) underscore the dearth of strategic and sequencing perspectives. Governments have faced difficulties in consistently applying a stable policy framework to the issues surrounding public service pay determination. Policy objectives, as well as approaches, techniques, and tactics, have varied over the years and have often changed without any degree of consistency or strategic orientation. In several of the countries, and on many instances, decisions with far-reaching and enduring implications have been made to meet the political exigencies of the moment. In any case, as elaborated in the next section, sequencing outside a politically strategic framework may not be sustainable.

Pay Reform and Politics

The previous section outlined the comparative pay trends, techniques, tactics, and sequences adopted, as well as their successes and failures. This section explains them from the vantage point of politics. Simply stated, do politics matter? Have politics and related variables had any impact on pay reform? If so, how so?

To understand the politics of pay reform in Africa note that, in essence, politics consists of the constraints under which political actors operate and the strategic maneuvering that occurs within those constraints. In calculating the costs and benefits of available alternatives, political actors take into account, first, historically determined structural imperatives; second, opportunities and benefits; and third, the risks and constraints provided by the existing means of legitimation, administration, and coercion. Structural imperatives include the country's wealth (or state of the economy) and social distribution; the nature and strength of power centers in the polity, that is, whether sociopolitical power resides in political parties, trade unions, the military, or the public bureaucracy; and the strength of the media. Opportunities and benefits may include election times and situations of political disturbance. Depending on the nature of a particular regime, organized unions may see election times as an important structural opportunity for the government to make salary and wage concessions. Conversely, political elites may believe that instituting severe anti-inflationary policies is expedient while elections are still a long way off. Risks and constraints may include the erosion of political support and legitimacy, and

BSC_ch04.qxd 8/3/04 8:44 AM Page 125

ultimately the loss of political power through, for example, the loss of elections, a military coup d'état, or the rise of popular movements.

Politics is a complex game of strategic calculations. As Geddes (1994) points out, politicians often face the so-called politician's dilemma in deciding among a set of policy preferences. According to Geddes (1994, pp. 132–33), all politicians, particularly presidents, share three main goals, namely, that they must survive in office, that they must govern effectively, and that they must build a loyal political organization. To achieve these goals they must sustain what Weber (1978) refers to as the means of administration and coercion (MAC). Mouzelis (1990, p. 51) elaborates these MAC as

> macro-institutional, organizational ensembles that, on the level of the whole polity, link the rulers and the ruled, for example, types of state administrations or military apparatuses, techniques of taxation, of national accounting, of mass mobilization . . . and forms of political incorporation.

Mouzelis's statement refers to the following:

- What the state is—state institutions and organizations, armies, public service, and parastatal organizations
- What the state does and its processes—generation and maintenance of legitimacy, administration, adjudication, tax collection, regulation, provision of critical infrastructure and social services, defense of its boundaries and sovereignty
- How it does the above—for example, political parties, means of destruction, techniques of accounting, finances, skilled and experienced personnel, technologies and techniques, and knowledge.

These means of legitimation, administration, and coercion can be divided into two parts in the context of our discussion: those that are critical to the functioning and continuing existence of the state and those that are important, but not critical, such as developmental activities. To borrow from Thompson (1967), the former activities make up the technical core of MAC. While ruling classes can easily give up on the lesser MAC, they will do everything possible to keep the core means of administration and coercion going. To sustain them they need adequate legitimacy and support, fiscal resources, human resources, and technical and organizational capability (Mukandala 1999).

The sustenance of critical MAC is dynamically linked to the three regime goals of survival, effective governance, and political loyalty identified by Geddes (1994). These goals conflict with one another, however, the

BSC_ch04.qxd 8/3/04 8:44 AM Page 126

major trade-off being between technical considerations for effective performance in relation to partisan loyalty. In practical terms, this trade-off may mean a choice between a rational pay and employment model based on optimum choices within an overall financial ceiling, on the one hand, and a pay and employment model driven by political considerations of patronage and clientelism on the other. In most cases, "exigencies of electoral needs often overwhelm other commitments" (Geddes 1994, p. 133). Geddes further concludes that variations among politicians' preferences depend largely on the characteristics of the party and the political system. Politicians in well-institutionalized parties with well-developed electoral machines and networks for delivering benefits are more likely to invest some resources in developing technical expertise to improve the party's performance in office. Conversely, politicians from new, and weak, parties that have no effective distribution networks and electoral machines are more likely to invest resources in developing a loyal organizational base for political support. Furthermore, regimes with the domestic budgetary capacity to meet their needs are more likely to pursue independent policies and resist donor pressure.

A regime's bargaining position and capacity to resist donor pressure declines as its capacity to pay for its recurrent budget weakens. This decline in capacity may manifest itself in many ways, the most dramatic being the failure to meet the payroll and to pay for essential foreign imports because of a depletion of the country's foreign exchange reserves. Within the context of the politician's dilemma and African realities, development partners have been the force pushing for effective and efficient macroeconomic management. Their increased influence translates into the ascendancy of merit and professionalism in settings where patronage and clientism had dominated (and may yet dominate again).

Political and Related Variables in Pay Reform

Pay reform, like many other public service reforms, is intertwined with the politics of resource mobilization and allocation (or reallocation), because it is mainly, although not exclusively, determined in the budgetary process where the question of who gets what, when, and how is settled. Many institutional actors, both strong and weak, participate in or are interested in the process of resource mobilization and allocation, and therefore the pattern of allocation cannot be determined rationally by a group of experts in defiance of the interests of the main actors. The following are the main institutional actors:

- Administrative actors, who include the president or prime minister, ministers, public service bureaucrats, and technocrats

BSC_ch04.qxd 8/3/04 8:44 AM Page 127

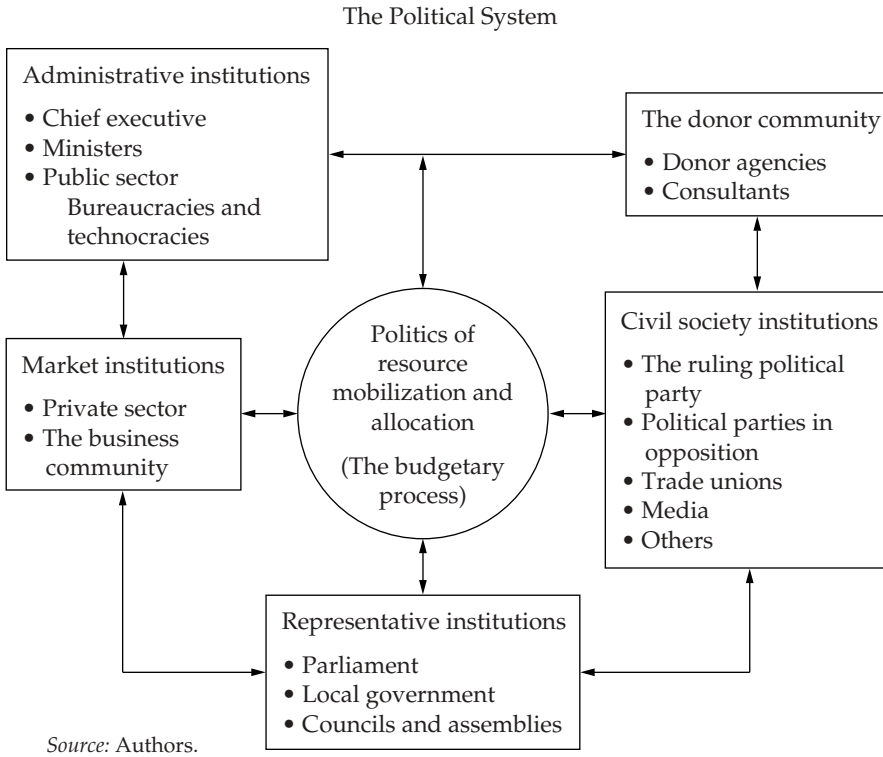
- Representative bodies, which include parliaments, regional assemblies, and local government councils
- Market institutions, which include the private sector or the business community
- Civil society institutions, which include the political parties, trade unions, the media, and various civic organizations

The donor community, which includes donor agencies and external consultants or experts.

Figure 4.5 depicts the main actors in the politics of resource mobilization and allocation. All these actors may exert an influence on pay reform in a positive or negative direction. For ease of reference, the main characteristics of these actors are summarized in table 4.4 for each of the eight study countries.

ADMINISTRATIVE ACTORS. The strength and commitment of the president makes a major difference to the implementation of pay reform, but this element can be counterbalanced by other factors.

Figure 4.5. *The Main Actors in the Politics of Resource Mobilization and Allocation*



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BSC_ch04.qxd 8/3/04 8:44 AM Page 128

Table 4.4. *Strength and Orientation of the Main Actors*

Institutional actors	*Benin*	*Botswana*	*Burkina Faso*	*Ghana*	*Senegal*	*Tanzania*	*Uganda*	*Zambia*
Administrative actors • President • Ministers • The Bureaucracy	Very effective checks on executive from other branches; bureaucracy is politicized and ineffective in reform implementation	Very powerful presidency; very powerful, cohesive, well-paid, fairly efficient, and loyal bureaucracy	Strong personal rule by the president with shaky legitimacy and weak political base	Rawlings was charismatic and highly committed to reform till the mid-1990s; bureaucracy is managerially weak because of loss of manpower and moonlighting; very corrupt but nonpartisan	Very powerful presidency; unmotivated bureaucracy	President is highly committed to reform and is politically secure; the bureaucracy is fairly effective and efficient	Very strong executive, personal rule; bureaucracy and ministers are fairly effective and efficient	President weak, corrupt, politically insecure; bureaucracy is socially mobilized and dissatisfied
Representative institutions • Parliament • Local government councils and assemblies	Strong multiparty parliament, an arena of vested interests; weak local government councils; government lacks majority since 1998	Parliament is quiescent and uncritical, so are local government councils and assemblies	Weak, divided among many parties, subordinate to president; parliament continues to raise own pay and is opposed to 1998 public servant–dominated reform	Strong multiparty parliament and district assemblies since 1993	Strong multiparty parliament with control swinging from one party to the other	Parliament dominated by one party; with few exceptions, rubber stamps executive decisions; increases own pay and perks	Parliament weak, loyal to movement and president; local councils active; increase own pay and perks	Strong multiparty parliament; increases own pay and perks

BSC_ch04.qxd 8/3/04 8:44 AM Page 129

Market institutions • The business community	Public servants dominated through investments, joint ventures, and the like	n.a.	Large informal sectors provide an additional economic avenue to senior public servants; 55% millionaires are civil servants	Business community active and has been invaded by low-paid public servants	n.a.	n.a.	n.a.	n.a.
Civil society institutions • Political parties in power and in opposition • Trade unions • Media • Others	Strong competitive parties since 1990; strong unions, critical media	Very strong ruling party; weak opposition parties, unions, the media, and nongovernmental organizations	Too many political parties (over 60); dominated by president's party; unions active, but divided	Strong parties since 1993 with fierce political competition; strong unions; critical media	Strong competitive parties in the late 1990s; fairly strong unions though often co-opted; vibrant media and student movement	Strong ruling party, weak opposition parties with weak political competition; weak unions; fairly informative and critical media	Movement has monopoly of political space allied with army; political parties operate underground; fairly critical media and civil society organizations	Competitive political parties; factionalized, strong unions; critical media
The donor community • Donor agencies • Consultants and experts	Highly influential, heavily engaged but could not get government to move on the 1998 reform law	Development partners play very secondary role in economy and pay reform because of strength of the economy	Very active; pushed the unpopular 1998 Law on Public Administration Reform against wishes of unions	Highly cooperative until 1992; shuffling feet in the 1990s, but have admitted country to Heavily Indebted Poor Countries status and accommodative	Highly influential when their conditions have been met	Cooperative in early 1990s; unhappy 1994–95; since then highly supportive	Development partners initially very supportive of country and reform policies, currently growing uneasy with trend of politics	Highly supportive, but disappointed with implementation of reform programs

n.a. Not applicable.
Source: Authors.

BSC_ch04.qxd 8/3/04 8:44 AM Page 130

In Benin, for example, the executive faced strong checks from the other branches (especially the Parliament), and the bureaucracy was too politicized to be able to implement pay reform in a consistent manner. Thus after a promising start, reform slowed down on the critical issues of performance-based system of recruitment, promotion, and wage indexing.

In Burkina Faso, President Blaise Compaore had a freer hand, but his shaky legitimacy and weak political base diminished his influence on the reform. The bureaucracy was both politicized and vulnerable to corruption. It was therefore a weak instrument of reform implementation.

In Ghana, Jerry Rawlings was charismatic and highly committed to reform until the mid-1990s, when plural politics eroded the reform discipline that he had enforced and maintained for a decade. The Ghanaian bureaucracy was also managerially weak because of corruption and an inability to attract and retain highly qualified staff.

In Tanzania, President William Mkapa has been highly committed to reform and is politically secure, but bureaucratic corruption and the lack of a strong push from the other actors (especially unions and the Parliament) have left the government free to award discretionary and selective pay increases.

The story is the same for Uganda, where President Yoweri Museveni exercises personal rule and some ministers and a few in the bureaucracy have faced charges of corruption.

Pay reform in Zambia under President Frederick Chiluba suffered from a combination of a relatively weak, politically insecure, and allegedly corrupt chief executive and a corrupt bureaucracy. Even though he had a majority in the Parliament, his party was characterized by in-fighting and expulsions. It also faced strong resistance from opposition parties and civil society.

Botswana was in a class of its own on the administration variable. It had a fortuitous combination of a powerful presidency and a well-paid, fairly efficient, nonpartisan bureaucracy.

Senegal has had powerful presidents who have implemented World Bank and International Monetary Fund–inspired SAP policies while combating trade unions and opposition parties.

REPRESENTATIVE INSTITUTIONS. In three of the eight countries, representative institutions were relatively active in the reform process as follows:

- Benin, where the multiparty Parliament is active, but councils are relatively weak
- Ghana, which has an active multiparty Parliament and district assemblies
- Zambia, which has an active multiparty Parliament, but weak local councils.

BSC_ch04.qxd 8/3/04 8:44 AM Page 131

Representative institutions in the remaining five countries are relatively weak compared with the executive. In Botswana, the Botswana Democratic Party–dominated Parliament and the local councils are quiescent and uncritical of government policy, actions, or inactions. In Burkina Faso, with more than 60 political parties, the many party interests represented weaken the Parliament. In Tanzania, the ruling party, which has more than 80 percent of the members of parliament, dominates not only the Parliament, but also most of the local government councils. In Uganda, most members of parliament are loyal to the movement and the president, as are the active, movement-based local councils. One party, the Parti Socialiste, for a long time dominated the Senegalese Parliament, which is currently dominated by the ruling coalition of the Parti Démocratique Sénégalais. A feature common to almost all the representative institutions is that they succeeded in raising the pay and perquisites of their own members during the past decade—in stark contrast to the government's failure to effect substantial increases in civil service pay. They also passed a substantial increase in the salaries and allowances of ministers and other members of the political elite during the decade.

MARKET INSTITUTIONS. The study shows that market or private sector institutions also have an influence on pay reform.

First, in some cases they poach human resources from the civil service by offering better pay.

Second, in most of the study countries, a large informal sector provides an additional economic avenue to junior public servants. Moonlighting activities supplement meager salaries and governments tolerate these activities for that reason. Experience has shown that junior civil servants tend to prefer a low-paying job in the civil service (considered more secure) to a better paying job in the private sector (considered less secure) as long as they are free to moonlight or work at secondary jobs.

Third, in some countries, for example, Benin and Burkina Faso, senior public servants are major actors in the private sector in which they individually or jointly invest incomes earned justly or corruptly. In Burkina Faso, for example, 55 percent of the country's millionaires are civil servants.

CIVIL SOCIETY INSTITUTIONS. Important civil society institutions that are engaged in the politics of resource allocation include political parties, trade unions, and the media. The eight countries fall into two categories on this variable.

The first category has a balanced power situation, with a combination of strong opposition parties, trade unions, and media (Benin, Ghana, Senegal, and Zambia).

BSC_ch04.qxd 8/3/04 8:44 AM Page 132

The second category includes countries that have strong ruling parties, but relatively weak opposition parties, unions, and media institutions (Botswana, Burkina Faso, Tanzania, and Uganda). In Tanzania and Uganda, media institutions have continued to become more informative and critical since the early 1990s, but media laws still favor state control, and even though civil society organizations have mushroomed, they have not joined hands with the new political parties. In Uganda, political parties were allowed to exist, but not to organize and mobilize support. Old party identities (Ugandan People's Congress, Democratic Party, and Kabaka Yekka), however, still linger on and have a substantial influence in electoral politics.

THE DONOR COMMUNITY. In all eight countries, development partners have been the major force pushing for pay reform and related public service reforms. In particular, development partners have pushed politicians to adhere to proper macroeconomic management practices, including observing proper ceilings for the wage bill, sometimes by threatening to withdraw aid in general or support for pay reform in particular. For example in Burkina Faso, the development partners succeeded in pushing the unpopular 1998 Law on Public Administration Reform against the unions' wishes.

As the case studies show, development partners have not succeeded in all cases. Politicians have complied with donor requirements or conditions only when their political survival is not threatened. In Ghana, for example, Rawlings complied closely during 1980–90, when he had complete control over social forces and the backing of the army. He failed to comply with donor requirements during 1990–2000, however, because his survival under political pluralism required the use of patronage on a wider scale.

Donor fatigue and disappointment with the slow pace of pay reform implementation is now evident in some of the study countries. Table 4.5 summarizes progress on pay reform during 1990–2002.

Political System and Stability Variables

The systemic and political stability variables that are of interest to this study include the following:

- Competitiveness of the political system
- Institutionalization of political organization
- Regime legitimacy
- Regime ideology
- Social basis of the regime.

The variables are summarized country by country in tables 4.5 and 4.6.

BSC_ch04.qxd 8/3/04 8:44 AM Page 133

Table 4.5. *Pay Reform, Ideology, and Political Organization*

Variable	*Benin*	*Botswana*	*Burkina Faso*	*Ghana*	*Senegal*	*Tanzania*	*Uganda*	*Zambia*
Progress on pay reform 1990–2002	Initial movement but stalling on critical issue of performance (merit) based system of recruitment and promotion and wage indexing	Continuous pay increases	Initial movement but slow; civil service pay structure highly compressed; pay and promotion still not based on performance and wage indexing	Stalling; increases have been sporadic and chaotic	Government has been able to contain wage bill and control size of public service; pay structure highly compressed; wage indexing	Initial movement stalling; discretionary and selective increases	Initial movement, stalling, characterized by selective increases	Stalling; sporadic and chaotic increases
Ideology	Neoliberalism SAP 1990; previous ideology: socialism	Neoliberalism free market ideology since independence; no SAP; previous ideology: Kagisano	Neoliberalism since introduction of SAP; previous ideology: radical African socialism of Sankara	Neoliberalism since introduction of SAP; previous ideology: African socialism of Nkrumah	Neoliberalism; previous ideology: socialism (Negritude)	Neoliberalism but strong undercurrent of socialist equity persists	Neoliberalism since SAP 1997; previous ideology: Common Man's Charter	Neoliberalism; previous ideology: humanism
Political organization	Discontinuous, unstable	Continuous, stable; the Botswana Democratic Party in power since independence	Discontinuous, unstable	Discontinuous, unstable	Relatively stable; change of party in power in 2000	Continuous, stable, Chama Cha Mapinduzi/Tanganyika African National Union in power since independence	Discontinuous, unstable	Relatively continuous but unstable

Source: Authors.

BSC_ch04.qxd 8/3/04 8:44 AM Page 134

Table 4.6. *Political System and Stability Variables*

Variable	*Benin*	*Botswana*	*Burkina Faso*	*Ghana*	*Senegal*	*Tanzania*	*Uganda*	*Zambia*
Political System								
• Uncompetitive pluralism		X	X			X	X	
• Competitive pluralism	X			X	X			X
Political stability								
• Unstable								
• Fairly stable	X		X	X			X	X
• Stable		X			X	X		
Regime legitimacy								
• Low			X					
• Medium	X							X
• High		X		X	X	X	X	
Regime ideology								
• Socialist/leftist								
• Neoliberal	X	X	X	X	X	X	X	X
Institutionalization								
• Low					X			
• Medium	X		X	X				X
• High		X				X	X	
Social basis regime								
• Factional basis	X		X	X	X		X	X
• National basis		X				X		

Source: Authors.

BSC_ch04.qxd 8/3/04 8:44 AM Page 135

COMPETITIVENESS OF THE POLITICAL SYSTEM. The nature of the political system is important in a study of pay reform, or of resource allocation generally, because analysts normally assume or hypothesize that the more authoritarian the regime is, the more insulated it is from people's demands, and conversely, the more democratic the regime is, the less insulated and therefore more responsive it is to people's demands. However, the authoritarian-democratic model lacks precision in a transition situation. All eight countries are in a state of transition from authoritarian to democratic forms of governance, and thus each has elements of authoritarianism and democracy. We therefore prefer to look at the degree of competitiveness of the political system, focusing on the degree to which pressure from a country's configuration of interests constrains the freedom of action of the regime. On this variable the system may exhibit a monopolistic or monolithic structure, uncompetitive pluralism, or competitive pluralism. Some multiparty (institutional pluralist) systems in Africa have proved to be uncompetitive in practice.

One of the countries, Uganda, has a unique, uncompetitive, pluralist political system. Political competition, for example, elections, takes place within the movement framework rather than between political parties.

Three of the countries, Botswana, Burkina Faso, and Tanzania, have conventional uncompetitive pluralism, that is, multiparty systems dominated by long-established ruling parties and strong executives. Two of them, Botswana and Tanzania, also have relatively weak civil society organizations, especially trade unions.

The remaining four countries, Benin, Ghana, Senegal, and Zambia, have highly competitive pluralist systems that have vibrant trade unions, business organizations and other civil society organizations, media, and opposition parties. To varying degrees they also have a good balance of power among the three branches of government. For example, cases of disagreement between the executive and the legislature have been referred to the judiciary on several occasions in Benin, the most notable being in 1994 following a disagreement between the president and the national assembly on a percentage increase in civil service pay. The case went all the way to the Constitutional Court. The 1998 law on pay reform was also referred to the Constitutional Court.

Similar tussles among the three branches have occurred in Ghana and Zambia as well. Moreover, all four countries had a change in the political party in power: twice in Benin and once each in Ghana, Senegal, and Zambia during the 1990s. Even though the Movement for Multi-Party Democracy retained power in Zambia following success in the 2001 elections, it

BSC_ch04.qxd 8/3/04 8:44 AM Page 136

was led by a new person, Levy Mwanawasa, after Chiluba's attempts to amend the constitution so that he could stand for a third term were soundly rejected.

INSTITUTIONALIZATION OF THE POLITICAL ORGANIZATION. Political stability requires institutionalization of the political organization, including the adoption of an acceptable constitution and other political rules, behavior, and practices that help underpin organizational capabilities. Institutionalization of the political organization ensures political continuity and orderly change. A politically stable country is not subject to traumatic political shocks, violent changes of government, secession, military interventions, popular insurrections, or civil war.

The modern form of political organization is the political party around which politics has been organized for more than three centuries. Political parties have important political functions, such as representing, aggregating, and articulating people's interests; mobilizing support and inducing compliance; and facilitating political socialization and political recruitment. A strong and well-organized party is thus essential for strong and effective political leadership. Other types of organizations may serve as springboards for gaining political power, as in the case of social movements in Burkina Faso and Ghana. These other forms, however, tend to be temporary and eventually wither away.

The country cases fall into two categories with regard to the institutionalization of the political organization variable (table 4.5). The first group consists of Botswana, Tanzania, and Senegal. These countries have enjoyed political stability since independence as evidenced by three facts. First, the dominance of one party in each country has brought continuity, namely, the Botswana Democratic Party; Chama cha Mapinduzi and its predecessor, the Tanganyika African National Union, in Tanzania; and the Senegalese Progressive Union Party, which was in power until 2000, but is now in opposition. Second, the presidential successions have been orderly. Third, the army has stayed in the barracks, accepting a role subordinate to that of the political class. Consequently, no serious political dissent or turmoil has erupted. In the case of Tanzania, the Zanzibar crisis, which arose out of disputed elections in 1995 and 2000, has been resolved amicably through internally generated processes.

The other group includes the remaining five countries, Benin, Burkina Faso, Ghana, Uganda, and Zambia. With the exception of Zambia, they have each undergone no fewer than three military coups d'état and have been subjected to military rule for substantial periods. All the countries, includ-

BSC_ch04.qxd 8/3/04 8:44 AM Page 137

ing Zambia, have had their share of political turmoil and assassinations and continue to experience an undercurrent of political stress and turbulence resulting from a variety of sources, including ethnoregional competition. Political organization in these countries has therefore been characterized by discontinuity and turmoil, and institutionalization of the parties and rules of operation has not yet reached maturity.

In Uganda, for example, since 1987 political parties have not been allowed to organize and carry on normal political activity or contest each other for political power. The National Resistance Movement is a quasimilitary organization based on the National Resistance Army. The movement, which is molded along the lines of a Leninist organization, is headed by President Museveni. It has sought to be all-inclusive while preserving the purity of its inner core, which consists of those who went to the bush to fight the guerrilla war alongside the president.

REGIME LEGITIMACY. Regime legitimacy is a complex and relative matter, because it ultimately depends on the perceptions and judgments of the people. It can be assessed or indicated in three ways. First, in a historical sense, it is partly a function of the institutionalization of political organization, a process that puts in place rules of the political game acceptable to the major political actors and the general citizenry. Second, in a political and legal sense, regime legitimacy can be indicated by the public's perception of whether the present government came to power in a free and fair election. Third, in a utilitarian sense, regime legitimacy can be gauged by how people judge the performance of the current government, especially in meeting their basic needs.

Using an index of stability, Botswana, Senegal, and Tanzania theoretically would be more likely to generate legitimate regimes than the other five countries, which are lower on the scale of stability and political institutionalization. Such an index cannot stand alone, however. Botswana's good economic position, for example, would also enable the government to score higher marks on performance than the other countries.

Table 4.6 assesses regime legitimacy in the eight countries on a low-medium-high ordinal scale based on an evaluation of the freeness and fairness of the most recent elections. The losing parties in virtually all the countries have criticized the elections, although not to the same extent. One country, Burkina Faso, is assessed as low on regime (that is, electoral) legitimacy; three countries, Benin, Uganda, and Zambia, are assessed as medium; and four countries, Botswana, Ghana, Tanzania, Uganda, and Senegal, are assessed as high. Tanzania qualifies for the high score because the elections

BSC_ch04.qxd 8/3/04 8:44 AM Page 138

of 2000, compared with those of 1995, were judged by all local monitors and international observers as being largely free and fair, discounting the electoral problems in Zanzibar, but it can also be assumed that the *mwafaka* (agreement) of October 2001 between the Chama Cha Mapinduzi and the Civic United Front had a legitimizing effect on the Amani Karume regime in Zanzibar.

REGIME IDEOLOGY. Following independence in the 1960s and 1970s, African countries came up with home-grown ideological packages, such as Ujamaa (villagization) in Tanzania, Kagisano in Botswana, humanism in Zambia, African socialism in Ghana and Senegal (Negritude), the Common Man's Charter in Uganda, and radical socialism (Sankaraism) in Burkina Faso. As table 4.6 shows, however, all the countries under study have embraced neoliberalism. Ideological substitution started in the late 1980s and early 1990s, when SAPs implementation started. All the countries have tried to open up their economies, privatize loss-making public enterprises, and implement macroeconomic reforms.

Although the pay reforms have been conceived within the neoliberal ideology, which favors decompression and performance-based compensation systems, vestiges of previous egalitarian ideologies also exert an influence on pay policies and practices in some countries. A good example is Tanzania, where equity concerns still resonate in the ruling party (Chama Cha Mapinduzi) and the general population. The ruling party in Tanzania still claims to be a socialist party, and the word Ujamaa is still mentioned in the country's constitution, although without programmatic content. The continued tendency to increase the wages of public servants in the lower grades may be partly attributed to the Ujamaa legacy. No politician is willing to be seen abandoning a concern for equity, fairness, and justice for all. This state of affairs may also explain the unwillingness of the Tanzanian authorities to decompress salary scales openly.

The general unwillingness in most of the countries under study to put a monetary value on all allowances and benefits of senior civil servants may in part be a result of the fear of revealing existing inequalities, which might cause political problems. Botswana has been an exception in this. Espousing neoliberal economics since independence, the country accepts steep inequalities in wealth, an acceptance that is reflected in the sharp salary decompression ratios. Most other countries have not followed this example.

In some cases, politicians pay lip service to previous ideologies for political reasons. Burkina Faso represents such a case. In the late 1980s, the mass mobilization institutions of the revolution were abandoned following the

BSC_ch04.qxd 8/3/04 8:44 AM Page 139

decline of socialism internationally. In 1989, the government issued a first draft of its overall policy framework, which was based on a strategy of state capitalism under which the state continued to claim that it was pursuing socialism, when in reality it was moving toward capitalism. The government adopted a pragmatic attitude toward the middle class, business leaders, and the donor community. Compaore had seen the need for economic liberalism, but was not in a hurry to abandon his perceived stance as a revolutionary. After all, he had removed Thomas Sankara, accusing him of betraying the revolution by becoming a mere reformist. In practice, however, the country operates a liberal economy, as is the case in all the other study countries.

In Benin, President Mathieu Kerekou accepted the demise of socialism in 1990, but he campaigned on the platform of limiting privatization during the 2001 presidential elections, which he won following former Prime Minister Nicephore Soglo's boycott of the second round. Soglo, a former World Bank official, despite sharing a neoliberal ideology, could not sustain that ideology as a politician. He received much praise in the 1990s, when he was prime minister, for managing to pay the country's 47,000 civil servants regularly (even paying some salary arrears) and for convicting some leaders who had been involved in financial scandals. However, when he tried to implement fundamental reforms with austerity measures, he met with stiff opposition from the unions and members of parliament and backed off. Political leaders, especially insecure ones, are wary of implementing unpopular reforms.

THE SOCIAL BASIS OF THE REGIME. In socioeconomic terms, all the regimes are ruled by what we may call a compradorial middle class of bureaucrats, the intelligentsia, small business owners, and small property owners who are highly dependent on external development partners and investors. The regime is a coalition of divergent ethnic and regional interests; many resources are channeled to patronage activities deemed necessary to keep the coalition intact. All the study countries, with the possible exception of Tanzania, have sharp ethnoregional competition. A north, central, and south divide exists in Benin; a north-south divide in Burkina Faso; a north, central, and coastal divide in Ghana; a west, south-central, north, and east divide in Uganda; and a north-central and south divide in Zambia. A rebellion in the Casamance region continues to this day in Senegal. Balancing these forces and tendencies produces tension and stress in the political system, and affects the pattern of resource allocation. Under normal circumstances, maintaining a coalition may be more important than pay reform.

BSC_ch04.qxd 8/3/04 8:44 AM Page 140

Trade Unions

Implementation by the government of pay reform partly depends on the strength of the trade unions and whether or not they are inclined to support or oppose it. Table 4.7 summarizes the strength of trade unions, the media, and opposition parties in the countries under study. Trade unions are extremely strong in three of the eight countries—Benin, Burkina Faso, and Zambia—where their influence on pay reform has been substantial. They are fairly strong in Ghana and Senegal but relatively weak in Botswana, Tanzania, and Uganda, where their influence on pay reform has been minimal.

In Benin, the organization of the entire civil service into trade unions works against civil service reforms in general and pay reform in particular. The result is a vicious cycle in which the more senior civil servants believe they are underpaid, but cannot accept the introduction of a performance-based system, which would weed out poorly performing workers. Benin's public service is seen as unified, because one salary or allowance must be given to all. The limited decompression of salary scales and the automatic increases seem to have created a unity of purpose among civil servants that some senior officials in Benin's public service ministry believe will undermine the whole civil service in the long run.

In Burkina Faso, trade unions had been weakened by the Sankara regime. Then the Compaore regime sought to neutralize them through a combination of tactics, leading to their polarization, with one group inclined to dialog with the government and the other inclined to engage in revolutionary activities, including strikes. The power and militancy of trade unions in Burkina Faso increased following a series of assassinations of political opponents. The most radical of the trade unions is the General Confederation of Labor, which has been in the forefront in denouncing assassinations, corruption, police brutality, and hegemony of the ruling party. The power and unity of trade unions were demonstrated in the 1999 general strike, which demanded and obtained salary increases. The military took advantage of this situation to demand and obtain salary arrears.

In Zambia, organized labor has been the main challenger of the state since colonial times because of the nature of the colonial (mining) economy, which led to the existence of a large working class. Urban dwellers accounted for 42 percent of the total population by 1990. In an attempt to control the activities of the labor movement, the government engineered the formation of a central body in 1965, namely, the Zambia Congress of Trade Unions, which in 1974 elected Frederick Chiluba as its president. Attempts to co-opt or subordinate trade unions to the United National Independence Party were resisted successfully by the Zambia Congress of Trade Unions

BSC_ch04.qxd 8/3/04 8:44 AM Page 141

Table 4.7. *Civil Society Variables: Strength of Civil Society Generally, and Trade Unions, Media, and Opposition Parties Specifically*

Variable	*Benin*	*Botswana*	*Burkina Faso*	*Ghana*	*Senegal*	*Tanzania*	*Uganda*	*Zambia*
Civil society generally								
• Weak		X				X	X	
• Fairly strong	X		X	X	X			
• Strong								X
Trade unions								
• Weak		X				X	X	
• Fairly strong				X	X			
• Strong	X		X					X
Media								
• Controlled/not free		X						
• Fairly free			X	X		X		X
• Free	X						X	
Political parties in opposition								
• Weak		X	X			X	X	
• Fairly strong	X			X	X			X
• Strong								

Source: Authors.

BSC_ch04.qxd 8/3/04 8:44 AM Page 142

leadership, which preferred autonomy. Thus union chairman Chiluba and secretary-general Newsteed Zimba refused repeated offers to join the Central Committee of the United National Independence Party. This autonomy has enabled the unions in Zambia to get what they want from the government, as evidenced by the following:

- In 1981, the unions forced the government to release union leaders from jail, including Frederick Chiluba and 15 others.
- In 1985, the unions forced the government to ignore an agreement with the International Monetary Fund enforcing a 10 percent wage rise ceiling. Instead, unionized workers ended up with an 18 percent wage raise.
- In 1986, violent demonstrations against Kenneth Kaunda's so-called Radical Reform Program, which left 15 people dead, forced the government to cancel the program.

To crown it all, the political reform that ended the single party system in 1990 was largely championed by the labor movement, which subsequently assisted the Movement for Multi-Party Democracy led by Chiluba to oust Kenneth Kaunda's United National Independence Party in the 1991 multiparty elections.

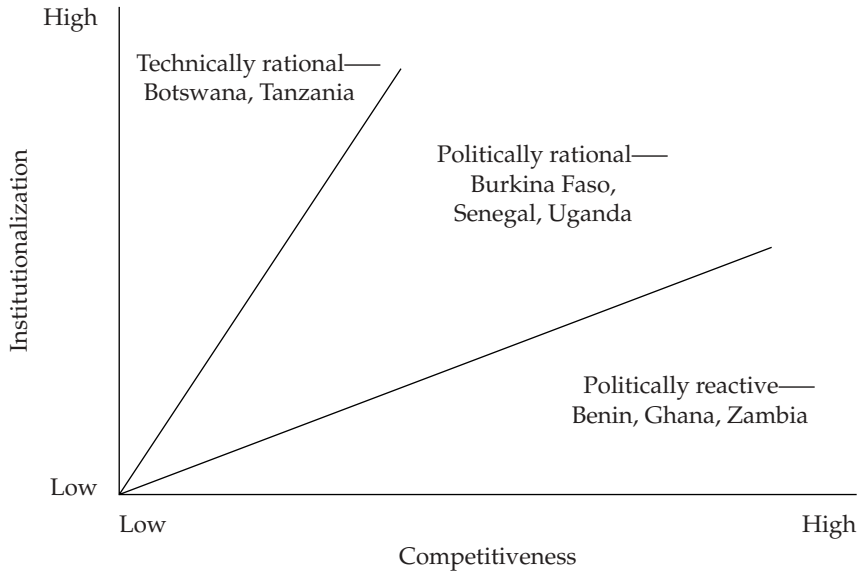
Conclusion

How do the three distinctive policy responses to Gedde's (1994) politicians dilemma—technically rational, politically rational, politically reactive—correlate with the political characteristics detailed in the previous section? Two variables, competitiveness and institutionalization, emerge as key. Figure 4.6 and table 4.8 map the eight countries according to how they fall on a competitiveness-institutionalization spectrum.

Competitive pluralist cases—with high political competitiveness, but low institutionalization—exist in Benin, Ghana, and Zambia. These systems are multiparty, have vibrant opposition parties, and have had a change in the party in power. Politics in all four cases is intense; trade unions are either strong or fairly strong; and the media are vibrant, critical, and unafraid to tell the truth. Society is highly politicized, alert to political issues, and partisan. This mix at times gives rise to a situation verging on instability. This case is unlike contexts of strong democracy, where both institutionalization and competition are high. Pay reform in these countries, as shown in table 4.5, either has not taken off and the process is chaotic and slow, or is in reverse as in Ghana. Senegal, although currently a competitive pluralist case, was for a long time an uncompetitive pluralist case with the

BSC_ch04.qxd 8/3/04 8:44 AM Page 143

Figure 4.6. *Institutionalization—Competition, 1995–2000*



Source: Authors.

Table 4.8. *Political Institutionalization and Political Competition*

Institutionalization	*Competitiveness*		
	Low	*Medium*	*High*
High		Uncompetitive pluralism in Botswana and Tanzania	Mature democracy
Medium		Uncompetitive pluralism in Uganda and Burkina Faso	Weak democracy competitive pluralism in Ghana, Benin, and Zambia
Low			

Source: Authors.

Parti Socialiste in charge. It has thus enjoyed political stability, legitimacy, and high levels of institutionalization. Lately it has experienced intense political competition.

Viewed through the lens of its pay policy, Senegal resembles Benin, Ghana and Zambia. But unlike these countries it enjoys a legacy of stability,

BSC_ch04.qxd 8/3/04 8:44 AM Page 144

high legitimacy, and institutionalization. It thus seems well placed to initiate and sustain a process of pay reform closer to those of Botswana and Tanzania.

The four noncompetitive pluralist cases fall into two subgroups. One subgroup consists of Botswana and Tanzania. These two countries have enjoyed political stability and continuity in the dominance of the ruling party. The change of presidents has been orderly, and the opposition parties, civil society organizations, and the media are all weak. These countries enjoy high institutionalization with medium competition as shown in table 4.8. Reform has been systematic, driven by the executive, and under little pressure from popular forces. Thus our finding of evidence of consistency in the use of techniques and tactics in public service pay decisions in these two countries is not surprising. The remaining two cases, Burkina Faso and Uganda, belong to the second subgroup of uncompetitive pluralism. Even though both countries hold elections, they are dominated by the all-inclusive movement in Uganda and the Popular Front and its allies in Burkina Faso. Civil society organizations, trade unions, and the media are given limited space. But, by contrast with Botswana and Tanzania, the level of institutionalization is medium to low. Pay reform has been on and off, responding to political pressure from the larger political body rather than from unions and other organizations.

As figure 4.6 suggests, which approach to adopt to pay reform—technically rational, politically rational, or politically reactive—depends on where a country falls on the institutionalization-competition spectrum. Technically optimal options depend on having in place the right mix of a low competitiveness and a high institutionalization environment. Similarly, political reactivity is most likely when competitiveness is high, but institutionalization is low. The figure points to the following questions as especially pertinent in designing a strategy for pay reform:

- Given where a country is currently located on the institutionalization versus competitiveness scale, what policy options are feasible and which of the feasible options is most attractive?
- What are the available options that will strengthen institutionalization without reducing competitiveness, and thereby make available a more attractive set of feasible options?
- To what extent can skillful political leadership and coalition building rotate the rays in figure 4.6 in a southeasterly direction, thereby, expanding the space within which technically rational options are feasible and reducing the space or area in which countries are trapped with only politically reactive options?

BSC_ch04.qxd 8/3/04 8:44 AM Page 145

The Way Forward

This study has brought to the fore the need to rethink the technocratic orientation to pay reform that, in some of the countries we studied, has turned out to be what Wildavsky (1979, p. 123) once called "deceptive, self-deceptive, and inattentive to the 'world of action'." Countries therefore need an approach that self-consciously seeks creatively to understand and appreciate the political context and political variables that are inextricably critical to the success of pay reform programs.

Any country that initiates pay reform needs to understand and appreciate the nature of the political system, its social structure, and the nature and strength of the power centers. Countries must assess the political bases of the political regime to determine if it has a well-established political organization or a weak and fractured one. Countries must also determine if the regime is based on the military, trade unions, populist forces, or a combination of any or all of these. Analysis must gauge the levels of political legitimacy and political stability of the regime. The extent to which regime change has been anticipated, planned, and orderly—or traumatic and even chaotic—also needs to be taken into account.

The nature, role, and strength of the various actors also deserve attention. What are the power centers? What is the role of political parties? Are they equally competitive, or is one party a giant and the rest dwarfs, or are political parties outlawed altogether? What are the nature, role, and strength of trade unions? Are they powerful or subordinate and weak? What are the objective and subjective positions of the bureaucracy in the country's political economy? Is it a power center? Is it formally insulated from politics? Are civil servants expected to be politically nonpartisan? The purpose of finding answers to these and other questions would be to determine objectively (a) the possibilities of pay reform, the nature and types of models, and the strategies and tactics that may work; (b) the length of time for different kinds of support or resistance to emerge; and (c) the possible allies or foes of the policy. Consequently, one might be able to determine where change is possible and where it is not and plan measures to help the country move toward a technically rational model.

Our country cases fit into a continuum, with Botswana and Tanzania at one end; Benin, Ghana, and Zambia at the other end; and Burkina Faso, Senegal, and Uganda somewhere in between. As summarized in table 4.8, in Botswana and Tanzania institutionalization is high and political competition is moderate; politics has to a large extent been tamed. The executive, anchored by a strong, well-established party organization drives public policy. The other possible power centers, including political parties, trade unions, civil

BSC_ch04.qxd 8/3/04 8:44 AM Page 146

society, parliament, and other representative institutions, are weak and subordinated. Regime legitimacy, partly rooted in periodic elections, is high, making it extremely difficult for other forces in society, including the military, which is well incorporated into the regime, to pose any credible threat. Consequently, both countries have implemented quite ambitious pay reform policies with little stress. The two regimes have a leeway and freedom of action that their colleagues in the other case countries can only dream about. However, these tamed politics and the resultant absence of political stress in the system may not go on forever. Policymakers must therefore be aware of the needs or imperatives for long-term institutional sustainability even if forces emerge in the political system that may change the status quo. In this context one needs to be mindful of what will be politically acceptable.

Benin, Ghana, and Zambia present a counter scenario of higher competitiveness but lower institutionalization. These political systems are in perpetual latent crisis. Any bold policy initiative is bound to cause stress in the system as forces mobilize around it to support or oppose it. Inertia and gridlock are more often than not inevitable in such situations. In such cases, policy initiatives must carefully separate the possible from the desirable; widespread consultation will be needed to arrive at an option that combines both and sells it to a critical mass of stakeholders. Planning pay reforms may mean that one needs to spend time on information, education, and communication activities and on sustained dialog about the issues with political leaders and other stakeholders to increase awareness and understanding of the need for the reforms. Country cases in this category may thereby move closer to the Botswana-Tanzania end of the continuum if a certain level of stability and a consensus start to emerge.

Viewed through the lens of its pay policy, Senegal resembles Benin, Ghana, and Zambia, but unlike these countries it enjoys a legacy of stability, high legitimacy, and institutionalization. It thus seems well placed to initiate and sustain a process of pay reform closer to that in Botswana and Tanzania.

Burkina Faso and Uganda present interesting cases of how pay reform can proceed in settings of medium to low institutionalization during a period when competitiveness is also low. Both emerged from crisis situations, which in Uganda involved civil war and the forceful take over of government and in Burkina Faso involved a coup d'état and political assassination. Burkina Faso also experienced a period of revolutionary mass mobilization that raised levels of political awareness and partisanship among the population.

In the early 1990s, Uganda gradually moved toward an all-inclusive model of politics anchored by the movement. The regime enjoyed a political honeymoon because of several factors. First, the population, especially in

BSC_ch04.qxd 8/3/04 8:44 AM Page 147

the south, the west, and to a lesser extent the east of the country, was relieved because of the relative peace, and even the economic prosperity that followed. Second, several initiatives taken in the 1990s pointed toward a democratic dispensation. The constitutional commission, the constituent assembly, and presidential and parliamentary elections were all seen as initial tentative steps toward democratization. Third and most important, while alternative political forces were immobilized, exiled (into Sudan, for example), and generally took time to regroup and gather the courage to challenge the supreme leader both within the movement and in the larger society, Uganda enjoyed a lull in tensions. Uganda's bold initiatives regarding pay reform were taken during this honeymoon period.

The Ugandan honeymoon ended as a result of the realization that the movement, and even President Museveni himself, were not about to allow others the political space to organize politically; the continued, and even increased, wars in the north and east of the country; the adventure into the Democratic Republic of Congo by Ugandan forces; and a certain perceptible tiredness by the population. These developments have clearly stressed the political system. One consequence is a shift to a less technocratic approach to policymaking, though moderated by the regime's ongoing willingness to stick to structural adjustment-backed policies. The pay policy area reflects this development with incidents of politically driven awards of allowances or special salary adjustments to select groups, such as the judiciary, teachers, and health workers.

Burkina Faso is also a case that is neither in crisis nor stress free. Although the system is uncompetitive and the executive dominates all facts of life, a strong current of opposition objects to what it perceives as too much impunity, for example, the Too Much Is Too Much movement of 1998–99. The 1998 political assassination of journalist Norbert Zongo can be understood only in this context. Thus even though the president exercises personal rule, beyond certain limits he could face serious problems. These limits are part of the reason why pay reform has stalled or slowed down.

In sum, the political reality that prevails in a particular country at a particular time should guide the choice of the strategy and models to implement public service pay reform. In relatively stress-free systems, as in Botswana and Tanzania, considerable scope exists to introduce technically rational models, as long as the top political leadership is comfortable with or convinced of the efficacy of the model. That appears to be the case with, for example, the selective, accelerated, salary enhancement scheme in Tanzania. But even in these relatively stress-free systems, technocrats seeking to move ahead with technically rational pay reform models must still be aware of what will be politically acceptable and develop their abilities to elaborate

BSC_ch04.qxd 8/3/04 8:44 AM Page 148

balanced strategies that are not only technically rational, but also factor in their political environment, and so are more likely to get support from the political leadership.

Among countries with lower levels of institutionalization—where we place most of the countries in our sample, indeed, most of the countries across Africa—the circumstances under which technically rational approaches are likely to be feasible are few. Most of these are likely to be time-bound windows of opportunity, for example, a reformist political leader coming to power in an environment of medium-low institutionalization and low competitiveness. In this latter setting, using technically rational models may be feasible in the short term, but changes brought about in this way run a high risk of reversal. This risk is exemplified by Ghana's reversal in the 1990s of public service reforms that had been made in the 1980s and early 1990s.

If a political leader temporarily has space to be technically rational, the crucial challenge is to sustain this space in the face of inevitably rising political competition and the risk of progressive de-institutionalization. This need points to the adoption of pay policies that nurture consensus and build institutions and governing coalitions rather than those that risk being polarizing. Tanzania represents a case in which institutionalization progressively deepened over the course of the 1990s, with a corresponding expansion in the scope for more technically rational reforms. Viewed from the perspective of the design of pay reform, the key has been technocrats' readiness to proceed in a politically sensitive way, focusing on strategies that strengthen institutions, thereby making feasible a progressive expansion over time of the technical ambition and quality of the pay options.

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