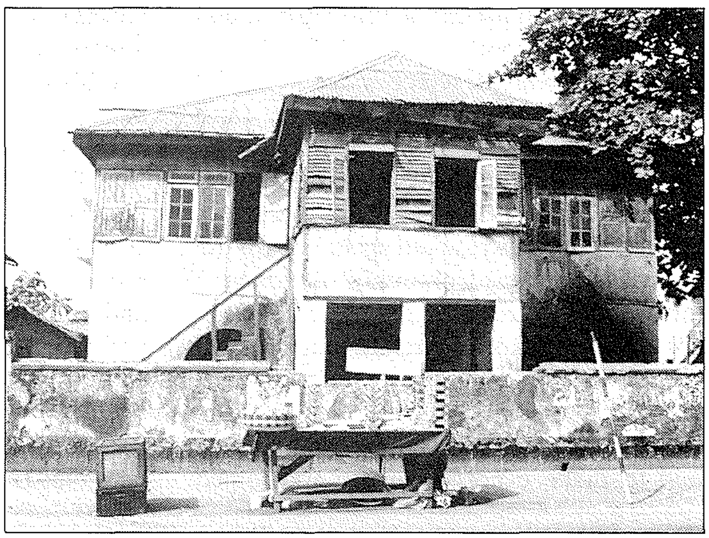
ADJUSTING TO AFRICAN REALITIES

by Robert Klitgaard

I got the news during a brief visit to the United States in September 1988. Don Bonifacio, the finance minister of Equatorial Guinea and my closest colleague, had been fired. I figured that it must have had something to do with the recent coup attempt. The plotters were partly motivated by fears of the free-market reforms Don Bonifacio and President Obiang Nguema Mbasogo had been pushing to shore up the country's crumbling economy, reforms that threatened the backdoor enterprises of many high government officials. The changes weren't popular among the people, either. Despite them, the economy continued in its downward spiral. I wondered if a fearful President Obiang had sacrificed Don Bonifacio to prevent further unrest.

I had been working in Equatorial Guinea for two years as the head of a World Bank-funded economic rehabilitation project. The country was a kind of laboratory of underdevelopment, five tiny islands off the western coast of the continent and a mainland slot the size of Maryland nestled between Cameroon and Gabon. In 1985, the 300,000 or 400,000 citizens—no one knows for sure how many people live there—had an average income of a little more than $100, according to one international agency, or about $300 according to another. The average Equatoguinean can't expect to live past 45, and every year about 90 percent of the population contracts malaria. Most schools lack books, desks, and blackboards; no wonder very few youngsters attend. At the hospital in the capital city of Malabo, beds are routinely pilfered; and because no one orders spare light bulbs for the lamp in the operating room, surgery is carried out under an ordinary 60-watt bulb.

Independence has not proved kind to most African economies, and it has been especially hard on Equatorial Guinea. After Spain granted the country independence in 1968, the former civil servant Francisco Macías Nguema was elected president. Africanists rate Macías as worse than Uganda's Idi Amin or the Central African Repub-



After socialism: The decay of order in many countries has spawned "microenterprises" that operate outside the law. Now, some economists believe that they are the key to Africa's revival.

lic's Emperor Bokassa. After a coup attempt in 1969, Macías began imprisoning and murdering real and imagined political opponents. Denouncing Spain and Western imperialism, he outlawed competing political parties, abolished the constitution, and declared himself president for life. He shut down churches and libraries and forbade the publication of all books, magazines, and newspapers. By the time he was overthrown in 1979, an estimated one-quarter to one-third of the population had been executed or driven into exile.

With political oppression came economic disaster. State controls were strapped on everything from banks to small enterprises to village markets, suffocating private initiative; the people returned *en masse* to subsistence farming. Spaniards who had remained in Equatorial Guinea after independence fled the country, taking their money and skills with them. Some 40,000 Nigerians who labored on the cocoa plantations also left. Cocoa production plummeted and coffee and timber exports fell by 90 percent. Before independence Equatorial Guinea exported fish, various foods, and palm oil; by the mid-1970s it was importing all three.

Macías's reign of terror ended in a 1979 coup led by his defense minister (and nephew) Obiang Nguema Mbasogo, who still rules the country. The new president loosened Macías's links to Cuba, North Korea, and China and looked again toward the West. He reopened churches, denounced torture and secret arrests, and with Western help embarked on an ambitious plan to rebuild the economy. By the time I first set foot in Equatorial Guinea in 1985, the country had devalued its currency sevenfold to make exports cheaper and joined the French-backed Central African currency union. Obiang was taking steps toward a free-market economy. He lifted most price controls, radically reformed the tariff system, began selling off state-owned enterprises, and shut down the corrupt state development bank. As in more than 30 African countries, an economic revolution was, at least in theory, underway.

Three weeks after Don Bonifacio's ouster, I flew to Berlin for the annual meeting of the World Bank and the International Monetary Fund (IMF). I was part of the delegation from Equatorial Guinea, which was led by the new finance minister, Don Fernando. (In Equatorial Guinea, everything is done on a first name basis, as long as you tack on that respectful "Don." Even the telephone book, about 50 pages for the entire county, is alphabetized by first names.)

I was introduced to Don Fernando at the inaugural cocktail party. He looked lost. Around us thousands of elegant delegates drank champagne and sampled smoked salmon. The stocky, round-cheeked finance minister was deferential, almost cowed. Though I worked for him and his government, I was paid with funds from a World Bank loan. As we chatted amid the evening's glitter, I wondered if Don Fernando saw me as another cog in the mysterious machinery of international capitalism, which could assemble from around the globe heads of central banks and budget bureaus, as well as fine wines and canapés.

I hoped not. Outside the giant convention center, 10,000 police shielded the 8,000 delegates from 30,000 protesters, who did. The demonstrators, radical young

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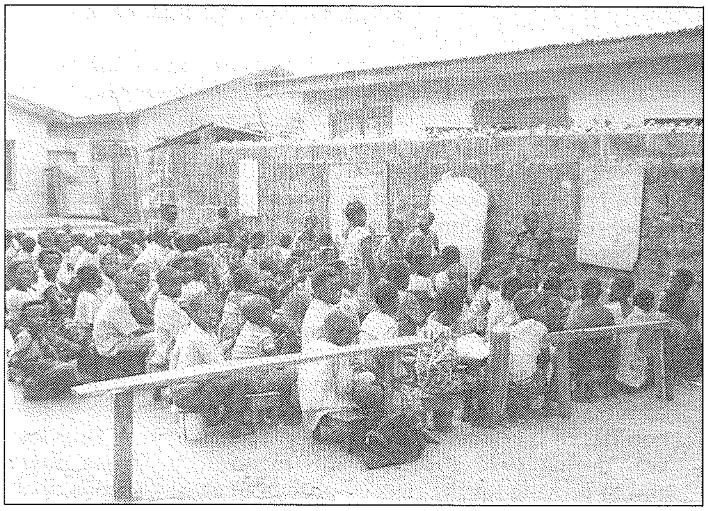
Europeans who had been organizing for months, denounced the Bank and the IMF as neoimperialist organizations that crammed unsound capitalist policies down the throats of impoverished, debt-ridden nations. "Structural adjustment" programs hurt the poor, they said, ravaged the environment, and promoted only a shell of modernization. They had a point, albeit not one often expressed within the conference hall.



A painful decline in school enrollment has been one cost of Africa's ongoing economic crisis. Primary school enrollment dropped from 79 percent in 1980 to 73 percent just six years later.

The IMF and the World Bank are the prime movers of Africa's economic about-face. Over the past decade their clout has grown tremendously. The two institutions, set up at the end of World War II to help repair the global economy, concentrate today on the developing countries, offering low-interest loans with strings attached. (The IMF loaned $21 billion in 1989, $4 billion to African countries.) An agreement from either of them has become something of a *Good Housekeeping* Seal of Approval for other banks. If an African country does not have a program with the World Bank or the IMF, many aid donors and commercial lenders will not ante up either. Countries are forced to devalue their currency, cut government spending, deregulate domestic and international trade, and turn over public enterprises to private management or joint ventures. The power of these two multinational institutions is without parallel in history.

As any Equatoguinean will tell you, such reforms are painful. Imported goods are suddenly much more expensive. Credit and public spending are cut back. Subsidies for food and housing and transportation are slashed. Politically, too, the changes are traumatic, a radical departure from the socialist and nationalist policies adopted by many of independent Africa's founding fathers, men such as Ghana's Kwame Nkrumah, Guinea's Sékou Touré, and Tanzania's Julius Nyerere. These leaders hoped to leapfrog into the ranks of industrial nations by launching massive state-run enterprises in steel, cement, and other basic industries. To fund this massive restructuring, the government took over agriculture and trade and squeezed out their surplus profits, relying on foreign aid and loans to make up the rest.

Though this strategy was already failing by the end of the 1960s, a price boom in the 1970s for many primary products—cocoa, coffee, metals, sugar, and oil—created the illusion of prosperity. The rise of the Organization of Petroleum Exporting Countries (OPEC) stimulated efforts to fix the prices of commodities such as cocoa, coffee, metals, even bananas, but their apparent success while prices were rising eventually proved unsustainable. Heavy borrowing from international banks flush with petrodollars, from countries such as China and

PUTTING AFRICA TO WORK

Africa will need 380 million new jobs by the year 2020, yet today population growth is outpacing job creation. A 1989 World Bank study, Sub-Saharan Africa: From Crisis to Sustainable Growth, *concludes that unregulated "microenterprises" will have to provide most of the jobs.*

Agriculture occupies about two-thirds of the labor force in Africa, and it will continue to be an important source of new employment during the next generation. For instance, horticulture, dairying, and forestry could expand rapidly, and all these activities are labor intensive. However, there are limits to agriculture's capacity for labor absorption. To achieve food security throughout the continent, average per capita food consumption has to increase by about one percent a year during 1990–2020. For this to occur, and to provide for the needed growth in agricultural exports, value added per worker in agriculture has to grow by about 1.5 percent a year. Thus an agricultural growth of four percent would imply employment growth of no more than 2.5 percent a year in agriculture; this would enable the sector to provide jobs for almost half the increase in the labor force.

Only a fraction of the new workers who come on the job market each year will be able to find employment in the modern sector, even under the most optimistic of scenarios. The public sector is chronically overstaffed and needs to be trimmed back rather than expanded. In some countries budget constraints are already forcing cuts in public employment. Large-scale modern industries will be important sources of employment only in a few countries. However, much simple manufacturing—for example, furniture, clothing, and household goods—can be undertaken by small and medium-scale firms. Employment in these firms and in construction could be important. In the longer term it is to these expanding modern enterprises and their supporting services that countries must look for new jobs. But in most countries they will fail to absorb more than a fraction of the new workers who come onto the job market each year. At best, wage employment in the modern sector as a whole can be expected to grow at around three to four percent annually.

This leaves small and "micro" enterprises, now mainly in the informal sector, to absorb about half the new entrants to the labor force. Construction to meet the fast-expanding demand for housing is likely to be an important source of jobs, especially through owner-managed businesses that employ just a few laborers. The same is true of much construction of infrastructure, such as school buildings and clinics, as well as small sewerage, rural road, and other . . . infrastructure. A myriad of other activities and services can be imagined.

Overall, employment in small and microenterprises will need to grow on average by six percent a year. . . . Experience suggests that, except on grounds of health and worker safety, governments should resist interference in labor markets. If left alone, they work well. The political imperative is to interfere, but the economic logic is not to. Minimum wage legislation, regulations restricting the ability of employers to hire and fire, and related interventions tend to raise costs, reduce competitiveness, and constrain the growth of employment.

France, and from international agencies such as the World Bank—along with the international community's willingness to soft-pedal the corruption and ineptness in the new nations—maintained the illusion of prosperity until the the 1980s.

True, there were critics of this top-down, state-centered model of development, including private, voluntary organizations such as Oxfam and "small-is-beautiful" enthusiasts. But their success in rural development proved too limited and their voices too diverse to launch a cohesive program for change. One of the most celebrated efforts was Julius Nyerere's *ujamaa* brand of decentralized, village-based development in Tanzania. Between 1967 and 1977, 85 percent of Tanzania's people were herded into experimental communal farm villages. This experiment in African socialism attracted unprecedented foreign financing—especially from the World Bank and the Nordic countries.

The results were disastrous. The villages became money traps as the village governing councils ran afoul of the same corruption and inefficiency from which central governments suffered. Between 1969 and 1983, rural living standards declined steadily (at an average annual rate of 2.5 percent). And yet, while acknowledging that the program was not succeeding, Nyerere held fast to his faith that Tanzania's problems could be solved without abandoning socialism. "There is a time for planting and a time for harvesting," he said in 1977. "I am afraid for us it is still a time for planting."

But the economic daydream of the 1970s ended in Tanzania and other African countries with a brutal awakening. In the early 1980s, Africa was hammered by a combination of worldwide recession, an increase in world interest rates, bad weather, and a fall in the prices of primary products ranging from cocoa to copper. Many African governments went broke. Africans saw their tiny incomes shrink further. Today the yearly income of all 450 million citizens of black Africa is about equal to that of Belgium, a country of only 10 million. By the mid-1980s, debt service in black Africa averaged nearly half of export earnings; most countries could not meet these payments and private banks were no longer willing to lend to them. Desperate African governments turned to the IMF and the World Bank, the preachers of free-market economic reforms. To get their blessing and their funds, the Africans converted. And so it was that Africa took the lead in the worldwide move toward the free market, some five years before Eastern Europe.

State-led development had failed. That does not mean, unfortunately, that free-market strategies have succeeded in Africa. Despite rhetoric about "the magic of the marketplace," the best economists—even at the World Bank and the IMF—recognize that no one knows for sure how to get out of crises like Africa's. The fact is that so far in Africa, both socialism and capitalism have failed. Our work in Equatorial Guinea suggested some reasons why.

The second day in Berlin, Don Fernando took me aside for a long talk. He said he didn't know why Don Bonifacio had been fired, having himself just returned from several years abroad. He wanted to talk about the economy. He asked me about the country's problems with exports, corruption, small business. I gave him a few examples.

Take cocoyam, a potato-like tuber known locally as *malanga* and a staple of the local diet. It was a good crop for Equatorial Guinea's climate and soils, and our *malanga* were said to be larger and tastier than those grown in neighboring countries. Selling them, it seemed, should be quite profitable. I had interviewed many women who grew and sold *malanga*. Remarkably, each felt compelled to take her own harvest to market.

"I don't trust my neighbor to sell the *malanga* for me," one woman explained. "She would not give me the correct price or would take the money."

"Even a woman in your village, your neighbor?" I asked.

"Yes, I do not trust them."

As a result, each of the women would spend about three-fifths of her *malangas'* sale price travelling to and from the market and living there for the six days it took to peddle them. The women also complained about "taxes" on their produce. In the Malabo market, municipal officials and policemen tapped them for 15 to 20 percent of the sale price in official payments and decidedly unofficial protection money. Official taxes from such small venders accounted for two-thirds of municipal reve-

A BRIGHT SPOT

The gloom over Africa's future is not unrelieved. In Africa: Dispatches From A Fragile Continent *(1990), journalist Blaine Harden sees signs of hope in Nigeria.*

Even as things fall apart, pots boil over, signals cross, and bodies rot, Nigerians somehow are managing to meld themselves into that most unusual of black African entities—a real nation. Against all odds, things come together.

Out of the Biafran war of the late 1960s, which was Africa's bloodiest tribal conflict, has come a lasting tribal peace—a feat of forgiveness remarkable in world history. Out of the berserk corruption of Nigeria's oil boom has come a gritty, sober-minded program of economic reform. Out of the two-time failure of democracy has emerged a moderate military regime that is orchestrating its own dissolution in favor of elective government. Out of six military coups, and after the assassination of three heads of state, Nigeria has lucked into an extraordinarily beneficent Big Man—the gap-toothed general.

Ibrahim Babangida

President Ibrahim Babangida has the most sophisticated economic mind of any leader on the continent. He is a former tank commander who happens to be a nimble politician. He has the good sense not to lock up, torture, or kill his critics. While imposing a hated economic adjustment program on Africa's most disputatious people, he managed to remain personally popular. Most remarkable for an African Big Man, the general promised to step down in 1992 and the promise was believed.

There were no guarantees that any of this would endure. There are sound reasons to fear catastrophe. Like Sudan, Nigeria is rent by religion. It is divided north and south between Muslims and Christians, and economic hard times have ratcheted up religious tension. Religious riots are common and could spill over into civil war. Coups always threaten. Babangida sanctioned the execution of 10 military officers who conspired in 1986 to overthrow him. (He personally has been on the winning side in three coups, including the one that brought him to power in 1985.) Nigerians deeply resent poverty. They have watched in disbelief and anger as their average annual income was sliced in half, from $670 to $300, in the past decade. The country slipped from low middle-income status to what it really is: a least developed country. The strikes and economic riots that erupted in the late 1980s will probably recur.

And yet Nigeria—horrible, ugly, boastful, coup-crazed, self-destructive, too-goddamn-hot Nigeria—is black Africa's principal prospect for a future that is something other than despotic, desperate, and dependent. If the world's poorest continent is going anywhere, Nigeria is likely to get there first. Two reasons are size and wealth.

The place is not a banana republic. One of every four Africans is a Nigerian. One hundred and fourteen million people lived

nues in the country's two largest cities.

The would-be *malanga* exporter faced further problems. Despite the supposed liberalization of trade, there remained an array of permits and bureaucratic hurdles, not to mention a 25-percent export tax collected by the Ministry of Industry and Commerce. "Look here, I have to see things from the point of view of making money," explained one of the traders I spoke with. "With exports the government imposes so many obstacles. I do not believe that I can make money in exports."

Still other factors discouraged exports of *malanga*: a lack of credit, few agricultural specialists who knew the crop, and an absence of product grades and quality standards. I explained to Don Fernando that the troubles Equatoguineans had exporting *malanga* were part of a more general syndrome—not just in Equatorial Guinea but throughout Africa. Big ecoin the country in 1989. The population is growing at a rate that is among the highest in the world. In less than 50 years, Nigeria will have at least 618 million people—more than the present population of all of Africa, more than double the population of the United States. Besides sheer numbers, Nigeria has world-class wealth. It is the world's ninth largest oil producer and ranks fifth in natural gas reserves. Below ground, there are about 40 years' worth of oil and a century worth of natural gas. The country's gross national product is bigger (in years when the world oil price is strong) than that of white-ruled South Africa and more than half that of all black Africa combined. Above ground, there is a wealth of well-trained and frighteningly ambitious humanity. There are an estimated two million university-trained professionals. They constitute the largest, best-trained, most acquisitive black elite on the continent.

Finally, Nigerians have a penchant, indeed a mania, for self-criticism. They obsessively pick apart the failures of their leaders and of themselves. Masochism is a national birthright. Titles of popular books by Nigerians include *Another Hope Betrayed, The Trouble with Nigeria*, and *Always a Loser—A Novel About Nigeria* . . . . Novelist Chinua Achebe upped the ante on national self-flagellation by writing, "Nigeria is not a great country. It is one of the most disorderly nations in the world. It is one of the most corrupt, insensitive, inefficient places under the sun. It is one of the most expensive countries and one of those that give least value for money. It is dirty, callous, noisy, ostentatious, dishonest and vulgar. In short, it is among the most unpleasant places on earth!"

All true, and yet dictators—Big Men in the African mold—are not acceptable in Nigeria. They are lampooned in newspaper cartoons. They are overthrown. They are murdered. General Yakubu Gowon, a head of state who backed away from his promise to return the country to civilian rule, was tossed out in favor of a general who kept his word. General Mohammed Buhari, a head of state who muzzled the press and tried to run the country as though it were Kenya, was overthrown in favor of Babangida. Babangida could not survive if he were to back away from his promise of a return to democracy. Although they have badly botched it up, when they achieve democratic rule, Nigerians refuse to settle for anything less. It is a measure of the contrary, contradictory, mule-headed nature of the people that, after 30 years of independence, civilians have been in power for nine years, generals for 21, and the national consensus is that only democracy works.

In their lacerating self-criticism, and their refusal to abide megalomaniac Big Men, Nigerians refuse to commit a corrosive crime common to most of black Africa—passive acceptance of tyranny. It is no accident that half the continent's newspapers, half its journalists, one-quarter of its published books, a Nobel laureate in literature, and a growing number of world-class novelists and poets are Nigerian. "The worst sin on earth is the failure to think," writes Nigerian novelist and television producer Ken Saro-Wiwa. "It is thoughtlessness that has reduced Africa to beggardom, to famine, poverty, and disease. The failure to use the creative imagination has reduced Africans to the status of mimic men and consumers of the product of others' imagination."

nomic reforms have been put in place throughout the continent; prices and exchange rates have been set straight. But food production and exports have not taken off because in other countries, as in Equatorial Guinea, private-sector institutions and government regulations remain deficient. Free-market reforms, it turns out, have so far made little difference in, of all places, the market.

During the next few days Don Fernando and I talked about other obstacles to economic advance. Property rights, for example, are poorly defined. It is difficult to buy and sell a piece of property, even sometimes to know who owns it. A Spaniard who had lived in Equatorial Guinea for 40 years once tried to explain this to me.

"You have to understand the traditional system of property here. The people were hunters more than cultivators, and even the cultivators were nomads. Land was not stable; it would be used and then abandoned. When the tribe moved to a new area the chief would assign the land to the tribal notables, the closest land to the new settlement to the biggest of them, further out to the rest of the people." Later, in colonial times, as a protection against native exploitation, land was not sold but leased to colonists for 99 years. "So the idea remains—land is not yours, it is of the state."

After independence, some lands were nationalized. Some were sold off by the government but remained subject to renationalization. Property lines are often unclear, crippling private economic initiative. Stories abound of people buying buildings or property only to find that they belonged to someone else.

Fernando and I talked about other weaknesses. The legal system is inefficient and corrupt. Contracts are precarious, since the courts, whose judges are often bribed or intimidated, cannot be counted on to enforce them. During my stay in Equatorial Guinea, two state-sponsored banks went belly up. For months, it was impossible to withdraw savings, write checks, even exchange foreign currency. The banks had been making generous loans to government higher-ups and other well-connected people, often with the tacit understanding that they need not be repaid.

Corruption of this type is widespread in Equatorial Guinea and across Africa. Indeed, in much of Africa, the lines between the public and private sectors are vague, even invisible, given all the illicit payoffs, joint ventures, and cooptation. Even with macroeconomic reforms, arbitrary economic regulations and informal favors are still pervasive.

With so many institutional foundations lacking, the so-called private sector in Equatorial Guinea and elsewhere in Africa does not resemble what we know in the West. Africa's middle class is meager, perhaps five percent of the population in many countries. A huge "informal sector" comprising small traders and producers operates outside the official tax and regulatory systems. In the cities of Zaire and the Congo, it is thought that up to 80 percent of all jobs are in unregistered, unofficial "microenterprises" with one to five employees. What markets do exist are thin and volatile, and they are vulnerable to monopolies and old-fashioned exploitation. Many government officials are themselves in business, in several senses. And so our Western concepts of property, enterprise, and regulation do not fit the African reality. Simply declaring that prices will be determined by market forces is hardly likely to produce economic efficiency. This was why, I explained to the new finance minister, we had begun to move beyond macroeconomic reform in order to fortify the institutional foundations for free markets.

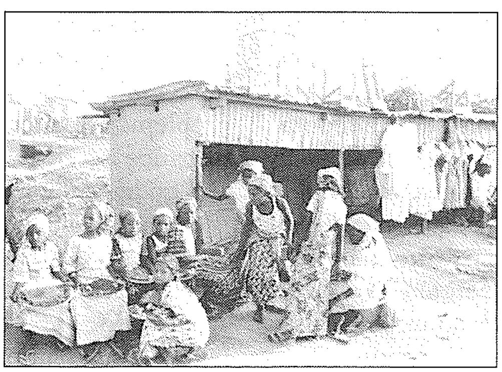
We shut down one corrupt bank, for instance and moved to restructure another. Borrowing ideas from successful small-scale credit programs in Bangladesh and Burkina Faso (formerly Upper Volta), we proposed a new effort to enforce the repayment of loans and to emphasize small producers. At the same time we began to reorganize the Ministry of Industry and Commerce, cutting away the fat and redefining its mission as the promotion, rather than restriction, of the private sector. We proposed to strip the cocoa marketing board of its monopoly powers. We created new economic incentives for government workers in agriculture, road and water repairs, and public utilities. And we installed a system to hold public officials accountable for their actions.

Even as we dismantled Equatorial Guinea's state-led economy, we came to recognize the necessity of state power. Not the state of the past, which had suffocated business and agriculture with controls, but an efficient state dedicated to laying the foundations for free markets—to promoting competition, controlling corruption, enforcing contracts and adjudicating disputes, ensuring the repayment of loans, and providing basic economic and social services. Government is also needed to build and maintain the country's roads, communications networks, seaports, and bridges, many of which have become expensive relics for lack of care.

Over the past three decades, development specialists have paid little attention to issues of poor government and corruption. For years it has been taboo for aid-givers and lenders even to discuss such things, although everyone knew that they were brakes on Africa's development. Many policy analysts and academics also avoided these issues, perhaps because they smacked of blaming the victim, of seeming to agree with reactionaries who blamed Africa's problems on Africans. Official corruption is not new in Africa and certainly is not exclusive to it. But corruption has become the defining feature of the African state, and poor governance remains the key institutional constraint on African economic development.

It is, of course, easier to decry shortcomings than to work through ways to improve them. Experience in other continents shows that success is possible. Several Third World countries have succeeded in reducing corruption. In 1975, for example, the Philippines' Bureau of Internal Revenue, for years awash in corruption, drastically reduced it when a new leader publicly fired leading offenders and provided civil servants with incentives to improve their performance. Similarly, Hong Kong and Singapore have enjoyed dramatic success with anticorruption agencies, which enacted, among other reforms, stiff penalties and strong antinepotism regulations.

Corruption obeys a formula: Corruption equals monopoly power plus official discretion minus public accountability. So it is essential to leaven government monopoly, keep officials' autonomy in check, and increase accountability. Privatizing state-run industries can also help. Finally, and in my mind most importantly, governments must throw open the floodgates of information. Corruption thrives on ignorance. Democracy and free markets depend on public accountability and an active, free press.


The seeds of economic and political renewal? Market women in Lagos, Nigeria.

Lessons from elsewhere are encouraging, but in Africa efficient markets and good government have proved particularly elusive. Africa seems to break the rules, foul up the templates, ruin the recipes. Particularly in such areas as property rights, incentives, and greater accountability, success hinges on cultural fitness as well as economic efficiency. Reforms must fit Africa's political and cultural realities.

Put so simply, this seems like common sense. And it is. Still, it is surprising how often aid donors, researchers, and even Africans themselves seem to neglect it. Rarely do such people mention the importance of studying a country's culture before tinkering with its politics. Critics often write off failures for having "overlooked local realities." But turn the question on its head—ask "how by taking local realities into account might the project or policy have gone better?"—and the critics become silent. So far, Africa's reforms have focused on the "macro" side—reducing the economic role of the state, for example, or, in the case of political reform, moving toward multiparty elections. I fear that these welcome changes will not work without stronger institutions at the "micro" level—clearer property rights, for example, fair courts, stronger private-sector institutions, and fewer restrictions on business. If "free market" and "democracy" are to be more than words in places such as Equatorial Guinea, we must take governance seriously, which means seeking not just less government but better government and cultural supports for it.

These are the needs, but I think we must admit our vast ignorance of how to satisfy them. How to adjust the foundations of development to the realities of African cultures and politics remains a big unknown, perhaps the biggest challenge for Africans and those who wish to help them. For now, in our ignorance, we grope together for workable answers amid illiteracy, violence, and distrust.

In Berlin I lectured Don Fernando on the institutional foundations of development. When we returned to Equatorial Guinea, it was his turn to lecture me on the cultural and political side.

I met with him for the last time a month after our meeting in Berlin. In the wake of the coup attempt, many innocent people, including one of my assistants, had been tortured. I was trying to organize the international community to petition President Obiang for an open investigation. I had also prepared a final economic report. Don Bonifacio's firing threatened the reforms that after two years we had been so close to implementing. I would be leaving the country soon, and I wanted to see Don Fernando before I returned to the States.

I thought of our conversation often after I left Equatorial Guinea, as the reforms unraveled. The government went back on its plans to improve property rights, and spending outside the official budget began again to soar. Don Bonifacio and my assistant who had been tortured were accused of corruption, and our project's records were pilfered in an eventually unsuccessful attempt to destroy evidence and frame them. The corrupted banks remained closed, and the incentive systems and accountability reforms we created were still in place; but the news from Equatorial Guinea was that the old politics of control and patronage had returned in force.

It was late afternoon when we finally got together. Don Fernando had abandoned his necktie and was smoking a cigar as we walked together up the battered back stairs of the ministry and entered his office. I sat on the couch and he plopped down on a chair of slick, light-green Naugahyde.

Fernando wanted to talk about the political situation. "You know, in Africa there are certain differences from the West and here even more so. People are suspicious, people are jealous. If you have a car and someone else does not, he starts saying bad things about you. He wants the car, you see, and is envious. Then you find out he has been saying bad things and you try to get him. I will tell you the truth, these recent problems are a lot like that. There is a disturbance so they round up other people and go after them."

Don Fernando's speech was animated, his voice didactic. He hardly resembled the meek man I'd encountered in Berlin.

"In Africa you have to understand that people do not have a common interest," he continued. "Without a common interest, there are fights. In Africa first comes the family, then the clan, then the province, then the region, and finally the country. But the country is the last thing."

Fernando told a story about the previous year's preparations for a Central African conference held in Equatorial Guinea. People had been conscripted to work on an airport runway extension and the renovation of a soccer stadium.

"Boom, boom, boom, they worked and worked till late at night. And you know when the stadium was done, my God, compared to what was there before it was something—and the people were so proud. And when the big jets came into the airport where before the runways were too short, when people saw them land, the people were proud of themselves.

"That is what we have to do when everyone is poor. When there is hunger there is no common interest. And everyone thinks of families and clans. So to create a common interest we need strong leadership, we need to launch works like hospitals, roads, and schools with the people working, where they can see the results and feel proud." I shook my head. Despite the free-market reforms, he still believed that Equatorial Guinea needed a dictator and forced labor; I objected that there are no examples of either of them succeeding in Africa.

We talked about the coup attempt, about dictatorship and corruption and torture. I said there had to be a strategy for change. Don Fernando said that one had to be realistic. "The problem of the president is that most of the people in government are incompetent and uncultured, they have no exposure to the outside world. These people are jealous of the few with outside training. But there are too few trained people for the president to have any choice. He needs the Guineans who emigrated to come back, all the lawyers and engineers. They won't come because they talk about democracy and rights. But we won't have that until we have more trained people. The president faces a balancing act. He has to keep the uneducated top people happy, the jealous ones, because they have the ear of the people in the villages. If the president goes only with the educated few, that three or five percent, then he would be out of office in a week. It is a dangerous situation—he has no choice but to humor the backward, the reactionaries.

"What has recently occurred must be seen in this light. Something happened within the group, everyone gets excited and casts aspersions on many others, innocent people. Then things happen. I am by no means defending torture or anything else. But we cannot have a democracy like England's." There was no way, he cried, "to appreciate this country without having known it under the terrible dictator of the 1970s, Macías Nguema.

"You have to compare with the subject itself, not its neighbor. If we were under Macías, there would be 60 people dead now. Including Bonifacio and your friend who was tortured. If you had come to my office like this after hours under Macías, then I would be in jail. Now these people are on the streets with their rights."

I reminded him of the torture.

"We started at minus 10. You can't just look at our current situation, say plus five or zero or minus five. Few countries have suffered as we have," Fernando said. "You cannot help but think like an American." I shook my head but Fernando went on.

"No, listen to me, if you had seen Equatorial Guinea under Macías, you would see that we have come the furthest of any country. That comparatively, it's a paradise."