PRIVATISATION IN BOTSWANA: THE DEMISE OF A DEVELOPMENTAL STATE?

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SUMMARY

This article argues that efforts by the Government of Botswana to embark on privatisation of some parastatals as well as contracting out the provision of certain services with the main intention of enhancing productivity and strengthening the private sector will not have a negative effect on the strength and nature of the existing strong developmental state. It is argued that the cautious and pragmatic approach adopted by the government, coupled with the fact that privatisation in Botswana is embraced voluntarily (that is not imposed on the country by either the World Bank or the International Monetary Fund (IMF) as a condition for financial assistance), hiving off parastatals to the private sector will not result in the weakening and ultimate demise of the state as it has happened in some countries within Sub Saharan Africa.

KEY WORDS—privatisation; developmental state; private sector; parastatals; local authorities; cautious; pragmatic; mutual trust; Botswana

INTRODUCTION

Privatisation has been used by international financial institutions such as the World Bank and the International Monetary Fund (IMF) to reduce the involvement of the state in the process of development on the premise that strong state intervention in development is one of the factors that has contributed to the economic and political crisis that befell most of the developing countries in the 1970s and 1980s. The dismal performance of government departments and state-owned enterprises gave impetus to the theorisation about the efficacy of the markets and the establishment of minimal states.

It is in view of the foregoing that this article seeks to demonstrate that the process of privatisation in Botswana will not facilitate the weakening and ultimate demise of the existing strong developmental state as it has happened in other countries within Sub Saharan Africa. It argues that since privatisation in Botswana has been embraced voluntarily, the state has adopted a cautious and pragmatic approach in undertaking it so that it (state) can continue to be strong and influential in so far as the process of development is concerned.

The article starts with a brief discussion of what privatisation entails, why it is usually embraced as well as present a brief discussion of the neo-liberal discourse and the roll back of the state. It also reveals the circumstance that prevailed at independence that resulted in the emergence of a strong developmental state, parastatals and local authorities in Botswana. The cordial relationship between the state and the private sector based on mutual trust, co-existence and respect for one another (sometimes due to the fact that the private sector relies heavily on state resources and therefore has to conform) will also be discussed to illustrate that privatisation will not adversely affect the power of the state mainly because of the regulatory measures that will continue to be in place. Finally, an account of how the state will continue to be in command of the corporate landscape following privatisation of the identified public agencies will then be presented.

NEO-LIBERAL DISCOURSE AND THE ROLL BACK OF THE STATE

The advent of the cold war, the economic and political crisis that befell most of the developing countries in the 1970s and 1980s, the coming to power of the Republican and Conservative parties in the United States and Britain under the leadership of Ronald Reagan and Margaret Thatcher, respectively and the high rates of economic growth attained by countries of South East Asia, gave impetus to the theorisation on the efficacy and effectiveness of the free market system. The neo-liberals, whose theories derive their foundation from the works of neo-classical theorists such as Adam Smith and David Ricardo, who advocated for international free trade and comparative advantage, respectively, view the involvement of the state in development as the main factor that explains the differences between the developed and developing countries.

According to the neo-liberals, the economic problems that befell the developing countries were a result of excessive and undirected state intervention in the economy as opposed to the supremacy of the free markets in the developed countries. Distortion of market prices due to subsidies and high protective policies that surround inefficient industries which cannot compete favourably in the international market has been attributed to state intervention. This problem is compounded by the 'rent seeking' tendency that is entrenched within the bureaucracy or government institutions (Wade, 1990).

Hence, the neo-liberals have implored the developing countries to abandon policies that promote state intervention and embrace those that are geared towards strengthening of the market if their goals and objectives of attaining significant levels of economic growth are to be realised. As Brohman (1996) argues:

> The South cannot resume growth and development until it rejects Keynesian state intervention in favour of more rational policies based on orthodox neo-classical theory. Such policies would basically reduce the development role of the state to providing the framework within which a laissez-faire market could operate efficiently (p. 28).

The inefficiency of public institutions is sometimes blamed on bloated bureaucracy, red tape, inertia, mismanagement of financials resources and outright incompetence. When relating this observation to African countries, Tangri (1991) states that; 'A consensus has emerged that Africa's state-owned sector has performed poorly. With few exceptions, public enterprises have revealed pervasive patterns of inefficiency, maladministration and financial liability' (p. 523). Thus it is deemed appropriate that developing countries must strive for the establishment of minimalist states, which should only be concerned with provision of basic goods and services such as defence, education and health.

Since privatisation is viewed as a panacea to the identified economic problems bedevilling the developing countries, Savas (1987) defines it in the same manner as the neo-liberals by stating that:

> It means relying more on society's private institutions and less on government to satisfy the needs of the people. Privatisation is the act of reducing the role of government, or increasing the role of the private sector, in an activity or in ownership of assets (p. 3).

Privatisation can be undertaken through wholesale transfer of public owned enterprises to the private sector. That is, selling the enterprises to private operators who have the desire to provide the same service(s) using market based concepts of operation. It can also be done through contracting out where private firms are engaged by various government departments to deliver certain services on their behalf. Services that are usually contracted out include garbage collection, repair and maintenance of vehicles, maintenance and management of public parks and others.

It is therefore, not surprising that the importance of creating lean government structures, which can act promptly and timeously as and when the need arises, is usually viewed as a panacea to the identified problems of inefficiency and mismanagement of resources. In fact, privatisation of public agencies is usually one of the conditionalities attached to financial assistance given to the developing countries by the IMF and the World Bank under the Structural Adjustment Programme or administrative reforms as it is deemed to 'bring greater economic efficiency, better management and improved economic performance' (Tangri, 1991, p. 523).

The opponents of privatisation on the other hand, have argued that it is basically a 'call to cut back government and regress to a harsh state where only the fittest survive and the poor and sick are left to cope as best as they can' (Savas, 1987, p. 3). This is because privatisation usually results in retrenchments and high prices for basic commodities as they are determined by the market forces. People who have the financial resources stand a better chance of accessing the services that are provided while the majority of citizens, who in most cases are poor especially in the developing countries, are likely to be pushed further into the poverty trap.

Increased advocacy for a paradigm shift as reflected in the foregoing paragraphs has resulted in what Milward *et al*. (1993) termed the 'hollow state' as it reflects the establishment of lean government agencies. Since the hollow state is premised on the transfer of power and responsibility from the national or federal agencies to state and local government agencies as well as to private and non-government organisations, it has been conceptualised in the following manner:

> The 'hollow state' is not simply the federal government turning over the delivery of services to states and cities; state and city governments, too, are creating 'hollow' service systems as they turn over hospitals and mental health centres, parks, water treatment, prisons and transportation facilities to non-profit or for profit entities (Milward *et al*., 1993, p. 311).

Embracing private sector management style definitely calls for delegation of service delivery to various entities at different levels of government or community. Profit-oriented and non-profit entities can be engaged directly by the national government or by the states and cities. Since the process is characterised by multiple delegation of power and authority from the centre to the states, cities, counties, profit and non-profit entities, it usually results in officials abdicating their responsibilities and handing the mandate of their organisations to the private contractors.

When disparaging the 'hollow state', Terry (2005) argues that it amounts to the '*thinning*' of administrative institutions. According to him, thin administrative institutions are fragile as well as lack the integrity and capacity to serve the public good effectively. This failure leads to alienation of citizens from the decision-making process, which in turn results in loss of confidence in government.

SOCIO-ECONOMIC AND POLITICAL DEVELOPMENT OF BOTSWANA

When Botswana attained independence from Britain on the 30th September 1966, she was one of the poorest countries in the world. The economy was highly dependent on subsistence agriculture particularly cattle rearing, foreign aid and remittances from migrant labour to the South African mines. There was virtually no infrastructure in place due to colonial neglect owing to the political uncertainty of the protectorate as to whether it would eventually be integrated into the Republic of South Africa or become a sovereign state. As a result of this uncertainty, Britain did not take an active role in developing the protectorate because she could lose it to South Africa whereas the latter was reluctant to commit some resources towards its development because it was still a British protectorate. Due to this 'almost total neglect from 1885 to 1966' (Harvey and Lewis, 1990, p. 18), the independent government inherited an economic structure that was underdeveloped even by African standards.

These problems were compounded by the fact that the country was experiencing one of the most severe droughts in its history which pushed a significant number of people into poverty as they lost their livestock and crops which were their main source of livelihood. Mogalakwe (1997) captures this state of affairs succinctly by stating that:

> There were few economic activities outside pastoral and arable farming. Manufacturing industry was almost non-existent, and there was no viable indigenous capitalist sector. Commercial activities consisted of a

creamery, and a bone meal and animal fodder plant in Francistown and an abattoir, a maize and malt mill in Lobatse and small shops scattered around the country (p. 26).

The high levels of poverty prevalent at independence led to the country being described and dismissed as a 'hopeless basket case' (Mogalakwe, 1997, p. 25). The poor state of affairs meant that the state had no choice other than to assume a leading role in the process of development. This culminated in the preparation and implementation of National Development Plans (NDPs), which 'placed the state at the centre of economic and social planning, primarily because no other sources of development were evident or readily available' (Edge and Lekorwe, 1998, p. 334). The development process was premised primarily on a set of four objectives of sustained development, rapid economic growth, economic independence and social justice. Complementing these objectives was another set of four national principles of democracy, development, self-reliance and unity (NDP, 1996).

The discovery of diamonds in 1967 ushered in a new era in the history of the country as the government's financial muscle strengthened significantly. The revenue accrued gave the state the flexibility to accelerate provision of services to the citizens as evidenced by the formulation and implementation of various policies and programmes such as the Destitute Policy, Drought Relief Programme, Financial Assistance Policy (FAP), Arable Land Development Programme, Labour Intensive Public Works, Remote Area Development Programme, Township Services, Old Age Pension Scheme, Primary Health Facilities and others.

As a way of enhancing provision of essential services in urban areas, parastatals such as Water Utilities Corporation, Botswana Power Corporation, National Development Bank, Botswana Telecommunications Corporation, Air Botswana, Botswana Agricultural Marketing Board and others were established to augment governmental efforts. These parastatals provide potable water, electricity, financial assistance to farmers, telecommunications in the form of telephones and internet, air transportation and agricultural marketing network, respectively. They are essentially a hybrid of state and private sector owned enterprises and are directly regulated by the government as evidenced by the fact that they need the approval of cabinet to adjust their charges.

At the district level, urban and district councils, land boards, tribal administration and district administration were also established. Urban and district councils provide essential services in the form of primary education, health, potable water, construction and maintenance of ungazetted roads, sanitary and recreational facilities, fire services and others. Land boards are responsible for managing and allocating tribal land while the district administration is mandated to oversee implementation of all developmental activities at the district level. Tribal administration is concerned with the administration of customary law. All these local authorities and parastatals in a way provide specific services on a tailored basis on behalf of the government.

Free education at primary and secondary levels was introduced in 1988 whereas health care was made available to all citizens at nominal costs. Even though school fees were reintroduced in secondary schools in January 2006 as a way of reducing costs, parents only pay 5% of the costs while children from poor families are exempted from paying. Anti-retroviral drugs are provided freely to citizens living with HIV. It is therefore, not surprising that the developmental state existing in Botswana has been captured by Tsie (1996a) in the following manner:

> Since independence its bureaucratic and political elites have pursued a series of policies calculated to promote economic growth and development. In the process both elites acquired a developmental orientation. The bureaucratic elite in Botswana is powerful and generally effective in formulating and executing development policy. As a result, much of the development that has occurred in Botswana has been state-sponsored and directed. It is in this sense that one can speak of a developmental state in Botswana (p. 601).

Edge and Lekorwe (1998) concur with the foregoing observation by stating that:

> Within Botswana, the strength of the developmental state can be noted in each sphere of social, political and economic life, from physical infrastructure to human resource development. Hence, the public sector development administration is at once broader and more focused than the traditional public administration because the state itself serves both as an engine of growth within the economy and as the primary source of social development nationally (p. 337).

Even though the revenue accrued from diamonds propelled Botswana from being one of the poorest countries at independence to a middle-income economy dominated by the existence of a strong developmental state, the government has always cherished and embraced the ideals of capitalism. Thus various policies and programmes have been formulated and implemented with the main intention of creating an environment which is conducive to the operations of the private sector. Organisations established to promote a cordial relationship between the government and the private sector, include *inter alia* the Botswana Development Corporation (BDC), Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) and Botswana Export Development and Investment Authority (BEDIA).

BDC was established in 1970 alongside parastatals with the main intention of augmenting or complementing efforts geared towards distribution of the available limited resources to all sections of the nation in an optimal way. BDC is the main government financial institution dealing with the identification of investment opportunities covering both foreign and local investors with a view to developing the commercial and industrial sectors of the economy. As the government views it, 'It lends and takes an equity position in business in all sectors, and is the leading provider of long-term debt, equity and guarantee financing in the country' (NDP, 1996, p. 142).

As part of the assistance that is given to the local and foreign investors, BDC provides factory shells to facilitate proper establishment and efficient functioning of the newly approved private enterprises. The institution deals with companies spread across the entire economic spectrum, extending from agricultural activities to industrial development, from textiles to brick manufacturing, from hotel and tourism to stock broking and others (Botswana's Ministry of Commerce and Industry, 1996). It is in this vein that Mogalakwe (1997) states that:

> The BDC's primary function is to identify and participate in the direction and control of viable enterprises. It is not just a passive loan giver or a sleeping partner. The BDC is an active participant in joint ventures with international capital, and supplies equity, loans, or debentures as and when it judges necessary or desirable on purely commercial calculations. Since its inception, the BDC has acted as partner to both local and international capital in most industrial and commercial activities, and has acted mainly in a commercial and profit seeking way (p. 46).

In view of the foregoing, Mogalakwe (1997) contends that the success of BDC to restructure itself in response to the needs of key sectors of the economy such as industry and commerce, agriculture, hotels and tourism and others, can be viewed as the success of the state to create an environment which is conducive to the development and strengthening of the private sector. In this vein, Jefferis (1994) notes that, 'institutions such as BDC can be seen as filling the gaps resulting from market failure (providing long-term investment finance), an area which is not well served by private sector financial institutions, and also providing entrepreneurship as local partners in joint ventures with foreign companies' (p. 117).

BOCCIM which is an autonomous, non-profit making institution was established mainly to represent the interests of small, medium and large-scale business as well as parastatals in all forums of consultation with the government. BOCCIM has the ability to influence government policies which have a bearing on the operations of private sector entities through its representation in various councils and boards comprising representatives of government, private sector, non-governmental organisations and other interest groups. Thus it can be viewed as an institution which promotes constructive dialogue between the government and the private sector.

BOCCIM also influences government policies through research work on existing policies or those that the government intends to adopt in the future thus ensuring that the interests of the private sector are taken on board. This task is not only confined to local issues as evidenced by the fact that in 1994/1995, a study was undertaken by the Policy Unit of the institution with the intention of assessing the Southern African Customs Union (SACU) agreement which enables Botswana to export her commodities to other SACU member countries without being subjected to any form of taxation. SACU is made up of South Africa, Botswana, Lesotho, Namibia and Swaziland.

The outcomes of these surveys are usually discussed at forums that bring together senior government and private sector representatives. Some of the agreed issues form part of public policy as sometimes reflected in official documents such as the Budget speech or NDP. Thus it is appropriate to state that the institution's influence pervades all platforms of policy formulation and implementation. As Tsie (1996a) puts it: 'BOCCIM commands considerable influence in wages policy formulation, employment and incomes policy, labour legislation and matters affecting localisation and training' (p. 606).

As an institution which strives to promote both local and foreign investment, BOCCIM plays an important role in helping potential investors to overcome problems associated with issues such as bank loan applications, licensing, immigration, advertising, training funds and information and lastly provision of counselling or business expertise for existing and newly established businesses. A vital link between the institution and the business sector is provided through the Extension Service Unit whose field officers spend most of their time consulting and liasing with the investors on issues of paramount importance to both parties. Against this background, it can be stated that:

> BOCCIM advocates private sector development and supports liberalisation of foreign exchange controls, legislation establishing Botswana as a jurisdiction for collective investment undertaking and new opportunities for economic diversification (USAID Press Release, 1996, p. 1).

Complementing the activities of both BDC and BOCCIM is the Regulations Review Commission, chaired by the Permanent Secretary for Development in the Office of the President. The main purpose of the Commission is to review, amend or repeal any legislation that is considered to be detrimental to the proper and efficient functioning of the private sector.

The High Level Consultative Council (HLCC), which is chaired by the President of Botswana also brings together senior representatives of various sectors to discuss issues pertinent to their proper and efficient functioning. This body can also be viewed as an indication of the importance that the government accords to other actors within the economy. In fact, BOCCIM acknowledged and even illustrated the importance of this Council in its brochure of 1999, by stating that it constitutes a 'higher dimension in the institutionalisation of Private Sector/Government dialogue, as a way of voicing the problems, aspirations and views of the Private Sector concerning economic well being of the state' (BOCCIM Brochure, 1999, p. 2).

By the same token, the BEDIA, a private sector led organisation was established by an Act of Parliament in 1997 with the mandate of encouraging, promoting and facilitating the 'establishment of export-oriented enterprises and selected services which will result in economic diversification, rapid economic growth and creation of sustained employment opportunities' (BEDIA Overview, 2007, p. 1). As the first point of contact for potential investors in Botswana, BEDIA is also tasked with the responsibility of identifying market outlets for locally manufactured products as well as facilitating the establishment of manufacturing enterprises by providing factory buildings. The Authority works closely with the government to ensure that the country has an environment which is conducive to investment.

In striving to assist citizens to establish small and medium scale enterprises in line with the underpinnings of the defunct FAP, government created the Citizen Entrepreneurial Development Agency (CEDA) in August 2001. According to the 2006 Budget speech which was presented to Parliament in February 2006, the agency has created employment opportunities for 7212 people through financing 309 small scale projects and 1055 medium scale projects valued at P823 million (approximately US$137 million) since its inception.

Lastly, it is worth noting that in an attempt to compliment all the organisations and structures put in place, government took a deliberate decision to abolish exchange controls in February 1999 so that private investors, especially those from other countries, can be attracted to set up their operations in Botswana. The main goal is to maximise efforts geared towards diversification of the economy and empowerment of citizens. Foreign investors are allowed to repatriate their dividends and profits as well as purchase shares in the Botswana Stock Market.

WHY THE BOTSWANA STATE WILL NOT WHITHER AWAY

When commenting on the difficulties and vulnerability of the African state as a result of changes sweeping across the continent, Villalon (1998) holds that privatisation of public agencies has contributed to the weakening of the state. He argues that; 'As states surrender control over productive capabilities to private interests, and frequently to extranational interests, their power erodes' (p. 9). Villalon goes further to argue that pressure for economic reform, particularly privatisation, can be understood as one of the numerous tools that have been used to assault the state in both the developing and developed countries. According to Villalon (1998), calls for devolution of power from the centre to local units by 'ethic, religious and regional groups, by international actors, supranational bodies and institutions and indeed by the state elite itself' (p. 9), coupled with threats of secession can also been seen as an effort to dismantle the state as evidenced by the situation that obtained in countries such as Canada, Spain, Turkey and Niger.

In the same vein, Forrest (1998) observes that between 1980 and 1995, the state in most of the African countries failed to exert its authority over rural regions where the majority of citizens live mainly because it 'suffered from fiscal bases in disarray and ineffective administrative structures' (p. 45). According to Forrest, a greater proportion of African citizens do not have any direct linkage with their states owing to the fact that the states are unable to carry out public policies throughout their national territories. Hence, it is not surprising that various scholars have captured the decline of African states by using terms such as 'soft', 'weak', 'collapsed', 'failed', 'shadow' or 'quasi' states (Forrest, 1998, p. 45).

Contrary to the foregoing observations, it is worth noting that privatisation in Botswana, unlike in other developing countries in Sub-Saharan Africa, has not been adopted as a condition for financial assistance from international financial institutions such as the World Bank and the IMF. That the financial assistance usually given by these institutions compels countries to embark on a programme of privatisation and public sector reform in what is commonly known as the 'conditionality criterion' cannot be disputed. But in the case of Botswana, privatisation has been embraced voluntarily and is premised on the realisation by the government that the private sector should assume a more significant role in the process of development rather than it (private sector) being a substitute for the former. Hence, it has been stated that:

> The impetus for privatisation in Botswana has come from a desire to improve efficiency in the delivery of services, to raise the country's growth potential by securing stronger flows of foreign direct investment and technology transfer, and to create further opportunities for the development and growth of citizen business sector (Republic of Botswana, 2000, p. 1).

The lacklustre performance of parastatals coupled with their huge financial losses over the past few years (even though most of them are now making profits), the need to develop stronger private and financial sectors and the realisation that the public sector has grown considerably since independence owing to the fact that government is the main employer, resulted in the formulation and adoption of the Privatisation Policy in 2000. The growth of government departments has resulted in low productivity and deterioration of the quality of service provided mainly because of factors such as red tape, job security and poor or carefree attitude of the bureaucrats towards work.

Prompt and efficient formulation and implementation of developmental policies and programmes has been compromised and management in general has become cumbersome. Hence, it was deemed appropriate that some of the activities be hived off to the private sector. The driving force behind privatisation is the desire to reduce the adverse effects of inefficient allocation of national resources as well as preventing the reoccurrence of similar problems in the future.

Thus the former Vice President and Minister of Finance and Development Planning, who is now the President of Botswana, Festus Mogae, once remarked in his 1997 Budget speech that privatisation can be embraced with a view to ensuring that the developmental efforts of the country are not compromised in any way by adopting short-sighted measures which can only yield positive returns in the short term. He reminded us that, 'The benefits of these measures are justified whether they are realised over the short, medium or long term. We cannot afford to concentrate our efforts only on short-term gains. This is the reality of sustainable development' (p. 21).

A cautious and pragmatic approach to privatisation has been adopted and the Public Enterprises Evaluation and Privatisation Agency (PEEPA) was established by the government during the 2000/2001 financial year with the mandate of making a careful assessment of parastatals that can be privatised as well as other activities that can be performed efficiently by the private sector. It is hoped that hiving off the identified activities to the private sector will relieve the government of the financial burden and enable it to concentrate on other activities of national interest which the private sector may not be able or interested in undertaking.

Control and influence on the private enterprises by the government is embedded in the manner through which the process of privatisation will be carried out. During the privatisation of parastatals, government will give the new partners an appropriate financial structure to follow. The structure will reflect an appropriate debt/equity ratio with working capital requirements and long-term loan funds obtained from financial and capital markets. The enterprises will also be subjected to the provisions of the Companies Act as well as be subjected to the normal company taxation. Nominations for Board membership will be screened by PEEPA before they can be forwarded to the Minister for appointment and precise performance targets will be set including return on capital employed, sales and net profit (Republic of Botswana, 2000).

Since the demand for financial assistance of parastatals earmarked for privatisation may not be met by the commercial banks, it is expected that most of their borrowing will continue to be from the government or external sources with the government providing the security. This in a way compels the government to continue monitoring and controlling the activities of such institutions lest it finds itself being unable to account for public funds used.

Along the same vein, it can be argued that most of the private sector institutions currently rely on government contracts and tenders for survival. Privatisation will therefore not change the *status quo*. Newly privatised agencies will continue to look up to the government for tenders in order to survive taking cognisance of the fact that Botswana has one of the smallest internal markets in Southern Africa as it has a population of approximately 1.8 million people of which 36.7% are living below the poverty datum line (NDP, 2001, p. 24). Hence, it can be argued that the newly privatised agencies will continue to exist as appendages of the government as most of them cannot survive without government financial assistance.

Since local authorities receive their development and recurrent funds from the government, privatising some of their activities should not be viewed as one way through which the power and influence of the state in the administration of such entities will be curtailed. The government will continue to monitor as well as ensure that all local authorities operate in a manner which is consistent with national policies and priorities. In fact, almost all the local authorities particularly the district and urban councils have already contracted out the provision of certain services such as maintenance of vehicles and garbage collection to private companies without any adverse effect on the power of the state.

Developmental plans for local authorities in Botswana will continue to be presented to the central government for scrutiny and endorsement for as long as they continue to exist as appendages of the central government. Their lack of financial autonomy and independence cannot be expected to result in privatisation tipping the scale in their favour. Instead, it can be argued that reducing their workload will enable the central government to have a firm grip on them as there will be fewer projects and activities to supervise.

There is no evidence to suggest that privatisation will prevent or limit state intervention in the economy through expenditure and promulgation of laws as the decision to do so in the past has been justified by the fact 'that consumer welfare will not be maximised in all circumstances by leaving private firms to pursue their individual profit-maximising strategies and that costs of government intervention are likely to be offset by the social benefits' (Gergis, 1997, p. 7). Formulation and enforcement of laws geared towards curbing false and misleading advertising, enforcing product labelling as well as stipulating ways and means through which dangerous products should be handled, clearly indicates that the government will continue to have control over privatised entities and private enterprises as a whole.

State intervention in the economy in Botswana has been justified as a way of speeding up development efforts rather than an attempt to stifle the operations of the private sector. This is given currency by the fact that the state has always pursued a strong market-oriented strategy with little control over the private sector (Gergis, 1997). Hence, there is no reason to believe that privatisation will erode the power and influence of the state in matters pertaining to development and satisfaction of the needs and aspirations of the citizens.

For example, the Botswana Bureau of Standards (BBS) will continue to ensure that manufacturers produce goods of high quality for satisfaction and penetration of the domestic, regional and international markets. This is mainly because the competitiveness of countries in the international market is greatly determined by the quality of their products as well as the level of efficiency of private firms, a factor that the government of Botswana has always taken into consideration.

In the financial sector, the role of the state will continue to be very important in the sense that proper monetary and fiscal policies dealing with situations of capital inflows and outflows will have to be in place. The ability and agility of a strong state in ensuring the stability of the domestic financial market tempt us to believe that privatisation and liberalisation of the economy will not result in the weakening of the Botswana developmental state. Instead, the state is expected to maintain its vitality in this sector as failure to have a firm control can result in an economic crisis similar to the one that befell some of the countries in South East Asia in 1997/1998.

When allaying fears that liberalisation of the economy can result in dissipation of government foreign reserves, which are a cushion for the government during burst periods, Jefferis (1997) argues that since 84% of the foreign reserves is owned by the government while the remaining 16% is owned by the private sector, withdrawal of the private sector's share for investment abroad will not weaken the position of the government to finance its projects. By the same token, Jefferis is of the view that abolition of exchange controls will enable the country to attract foreign investors. He comments thusly:

> As such Botswana would be in a strong position to attract inward foreign investment in the region, especially in the area of international financial services and related areas. There would be savings in terms of reduced bureaucracy and increased efficiency of business transactions (Jefferis, 1997, p. 526).

On the legal front, the state will continue to be responsible for the strengthening of the judicial system which is needed for resolution of contractual, commercial and industrial conflicts that may arise as well as protection of social welfare and promotion of fair competition in the market. Strengthening of the judicial system will encompass strengthening the public sector by training public officers in such areas as adaptive management, negotiation and interaction, regulation issues and similar others so that they can better understand and serve the private enterprises as expected.

One observation that can also be made is that various forms of privatisation particularly contracting out, management contracts and leases allow the state to retain ownership of the assets even though they may be given to private firms to use for provision of specified goods and services. Franchises enable the government to set prices for the services rendered within a given locality. Retaining ownership of the assets as well as determining the price of services provided give the government an advantage in terms of determining what has to be done and how it can be done.

Changes in the socio-economic and political spheres in most developing countries require the existence of a strong state that can adopt unpopular strategies or measures necessary for further development of the country. Since privatisation is usually rejected by some quarters of the population, particularly the opposition political parties and labour movements on the basis that it is going to result in job losses and an increase in the level of poverty, its adoption and implementation requires a strong state, which cannot be expected to weaken itself. It is our conviction that the same process has not resulted in the weakening or demise of the state in the developed countries such as Britain, France and the United States of America. Hence, there is no evidence to suggest that the opposite of what took place in the afore-mentioned countries can happen in Botswana. It is unlikely that the state can deliberately institute measures to substantially erode its own power of control and influence.

Since the developmental path adopted by Botswana after independence is similar in some ways to the one adopted by the Asian Tigers, it can be contended that neither the state nor private sector alone can be expected to spearhead socio-economic and political advancement of the country. Development can yield the expected positive results if there is a synergistic interaction between the two sectors as is the case in Botswana. As Chowdhury and Islam (1993) remind us; 'The market needs the state as much as the state needs the market' (p. 53). Tsie (1996a) underscores this point by arguing that:

> The state and market are not separate entities existing independently of one another but are in fact interconnected institutional forms through which different economic and political interests are pursued and materialise. Both are, to varying degrees, embedded in the process of capitalist accumulation (pp. 86,87).

Tsie (1996a) goes further to demonstrate the interconnections between the state and the private sector by stating that:

> Evidently, both the state and market are indispensable for the expanded reproduction of capital. One cannot function effectively without the other in capitalist society. The two are therefore interconnected even though they belong to different spheres in society: one public and the other private. Put differently, the state is the institutional condensation of political power because it makes collectively binding decisions for society as a whole. In so doing, it shapes the character of the economy and influences its trajectory. On the other hand, the market shapes and channels different and competing material interests in the economic or private domain, advancing some interests and at the same time undermining or thwarting others (p. 87).

Hence, there is nothing sinister or worrisome about the state in Botswana playing the role of a 'handmaiden of growth' in which policy makers adopt necessary policy reforms geared towards creating an enabling environment for the private sector. Precisely, the government is keen to facilitate the development of the private sector while at the same time retaining its overall responsibility in terms of governance and leadership. In this regard, Tsie (1996a) holds that; 'It is a fundamental mistake to conceive the two as hermetically sealed spheres of economic and political activity. The private and public sectors are better conceived as porous, interwoven and therefore constantly interacting with and shaping each other' (p. 87).

It has to be acknowledged that as the economy changes, the role of state has to be assessed and appropriate strategies geared towards steering the country forward have to be adopted. Privatisation in Botswana has been identified as one of those strategies more especially that the intention of the government is to maintain what has been referred to as a 'Smart Partnership of cooperation and complementarity that emphasises win-win situations' (Republic of Botswana, 2000, p. 3). It cannot be expected that the state will strive towards the empowerment of the private sector at its (state) own peril.

CONCLUSION

Privatisation in Botswana cannot be seen as a process that heralds a completely new era in the development and management of the country. In any case, the government of Botswana has always pursued a market-oriented economy with a peculiarly strong and healthy marriage between itself (government) and the private sector. The process has been embraced voluntarily and is peculiarly spearheaded by the government thus making it highly unlikely that it can be so naïve as to institute measures aimed at eroding its powers of control and influence. The main driving force is improving efficiency and effectiveness in the delivery of services rather than curtailing the powers of the state or substituting it with the private sector as it has been the case in some of the developing countries.

The cordial relationship that presently exists between the state and the private sector which is based largely on mutual trust, co-existence and respect for what each is worth and capable of doing, makes it difficulty for us to assume that privatisation will weaken the existing strong developmental state in Botswana. Privatisation in Botswana can therefore be viewed as a sign of confidence that the state has in the private sector and an indication that the state is self-assured that it cannot voluntarily initiate its own demise. As Danevad (1993) sums it up: 'The development of the private sector has probably been an important reason why the decay of the state as an institution in other African countries has not been paralleled in Botswana' (p. 66).

Since privatisation in Botswana has been initiated for reasons of expediency, it is our contention that the conditions which facilitated the collapse of state institutions in some African countries are under satisfactory control by the Botswana state—the very entity that is giving impetus to the development of the private sector that some consider an enemy of the state. Existing conditions, more especially the financial power of the state relative to that of the private sector, point out that for a considerable period of time into the future, the state will remain strong and developmental in a way that perpetuates the *status quo*.

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