Increasing Economic Development in Uganda

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ABSTRACT

Prior to the covid-19 pandemic, Uganda was growing steadily, with a GDP growth of 7.5 per cent in 2019 (World Bank 2020). However, the consistent growth has not changed the economic conditions of the people. There comes a time when African scholars must look past the common remedy which suggests only improving governance will stimulate further economic development; they must address the real issues hampering further economic development. How can Uganda ensure that economic development is increased by the Government to a point where it reflects in the life of the everyday Ugandan? In this essay, I will discuss the necessary steps Uganda must take to increase economic development to promote the economy’s and its participants' economic well-being.

INTRODUCTION

To truly grasp the Ugandan economic climate, one must understand the context. Prior to Museveni, Uganda was governed by instability and calamity. From 1966-1971 President Apollo Milton Obote governed Uganda and was overthrown by President Idi Amin in a coup d’état, who ruled from 1971-1979 and reigned through terror over Uganda as a capricious tyrant. As with many dictators, Amin eventually fell, and not one but three people held the title of President of Uganda before the next formal elections, which were only a year later. Obote regained power through the means of a general election, which reeked of electoral fraud and rigging (Doom et al., 1999). The frustrated opposition leaders launched a guerilla attack on Obote’s government, eventually leading to the National Resistance Movement (NRM) assuming power in 1986 with its leader: Yoweri Kaguta Museveni Tibuhaburwa. Museveni is without a doubt the most competent leader Uganda has had, “although the strength of this endorsement is vitiated by the recollection that his principal competition was Idi Amin and Milton Obote…Nonetheless, Uganda has been better governed since 1986 than at any time since the immediate post-independence years” (Young 2001,207). The economic restoration and stability achieved under Museveni’s leadership is, by any standard, indubitably impressive (Crawford 2001).

Nevertheless, despite the fact that Uganda has progressed tremendously since Ugandan leaders expelled Obote and Amin from the country, it remains one of the poorest countries on the planet; As of 2021, Uganda GDP per capita was $858, 4.38% higher than in 2020 (Macrotrends LLC 2022). Throughout the 1960s, most African countries had per capita incomes that surpassed those of East Asian nations. In subsequent decades, African incomes have become slow and stagnated while the East Asian economies have expanded rapidly (Kelsall et al. 2010). Why is this so?

This essay will address the question: What are the main objectives Uganda needs to achieve in order for Uganda to experience more economic growth? I will answer this in the form of a literature review and draw on demographic statistics. This study is daunting, particularly as I will face several limitations and roadblocks. First, I cannot gather primary data, considering the time available. Still, plenty of research regarding the economic development of East Asian countries and general theories concerning Africa, in general, can be analysed by me to answer my research question. Secondly, there is a lack of research regarding Uganda specifically, but this paper’s purpose is to address that problem.

I will explore two themes related to development in East Africa and Uganda in particular: first, the role of government institutions at a national level and second, the objectives that Uganda must meet to attain a certain level
of economic development. In the first section, I will argue against the “good governance” theory and the notion that democratisation in Uganda will resolve all of its problems. However, keeping in mind that the government still plays a big role in development, I will explore what exactly the government should be doing. In the second section, I will be studying a country that 50 years ago was in Uganda’s current position but now holds the title of a first-world country: Singapore. Despite the different contexts, exploring Singapore’s history will help me suggest certain objectives for Uganda so that Uganda could develop similarly. Once this is completed, I will confront the issue of specific objectives for Uganda in the final portion of this paper.

SECTION 1: GOVERNMENT ROLES AT A NATIONAL LEVEL

The Issue with Good Governance

The most common explanation for Uganda and the rest of Africa’s lack of development concerns governance. Many propose a political theory stating that “African leaders, having inherited artificial polities from colonialism, resort to neo-patrimonial strategies to foster their power” (Englebert 2000,9). This theory essentially suggests that African leaders have chosen to consolidate the poor governments and constitutions handed to them by abusing their power. Englebert (2000) reiterates this: “these neo-patrimonial policies, essentially redistributive in nature, use the resources of the state to pursue their political and essentially private aims of power maximisation” (9). Scholars who present similar theories to the ones highlighted by Leys (1982) and Englebert (2000) dismiss Africa for its lack of democratic values and blatant corruption without dealing with the situation at hand. Why is this?

Leys (1982) rightly argues that it is as if the poverty of so many millions in Africa were too painful to contemplate without being immediately set in the context of a theory that can somehow explain it and, at the same time, show the way to ending it; there is no particular reason for the lack of development. For every proposed theory, there are inconsistencies; for instance, analysts often adopt the language of Max Webster and attribute the lack of development to ‘neo-patrimonial’ governance: “Neo-patrimonial systems are markedly personalistic and clientelistic. Governments of men, not of laws, are associated in the literature with high levels of rent-seeking, corruption, waste, authoritarianism, arbitrariness and political instability” (Kelsall et al. 2010, 2). However, we see different economic development levels when comparing African neo-patrimonial governance systems to other similar systems in Southeast Asia (Kelsall et al. 2010).

This showcases that no one factor determines the success or failure of a nation. Instead, a series of objectives—specific to that nation—need to be achieved to experience development. As Booth (2012) puts it: there is a pressing need to go beyond the mantra that the institutional challenges of development are as simple as a change in governance; there is a need to spell out what country reformers, and the development agencies that support them, should be doing differently.

Even African governments have fallen prey to the idea that eradicating corruption will resolve all their issues. African governments have been advised to seek good governance, which means prioritising civil service reform, enhancing public financial management and putting in place anti-corruption watchdogs and public audit bodies (Booth 2012). In Uganda, the government has been battling corruption constantly, from the Leadership Code of 2002, which “criminalises attempted corruption, bribery, extortion, bribing a foreign public official and abuse of office” (Sharpe 2018), to more recent efforts such as the anti-corruption march in 2019. If official efforts to eradicate corruption by the government correlated with economic development, Uganda would undoubtedly be a first-world country. However, there is more to the situation.

The issue with the proposed theory of good governance is that there is no evidence of such changes leading to economic development. The evidence suggests quite the opposite. Take Indonesia, for example; like Uganda, Indonesia was under Western powers’ rule but managed to gain independence about 17 years before Uganda. The Indonesian government’s first order of business was not to create the perfect democracy and ensure that every public
official was a hundred per cent ethical; in fact, the first Indonesian economic model was “wasteful, politically repres-
sive, and environmentally destructive,” but spectators could not deny the government’s growth potential (Kelsall et
al. 2010, 5). Indonesia was one of the fastest-growing economies in the world between 1966 and 1997. In the 1970s,
mining, agriculture, oil and timber all boomed (Kelsall et al. 2010). Throughout Southeast Asia, a transformational
policy mix delivered striking results under conditions broadly similar to those in African countries. None of these
conformed to conventional good governance criteria (Booth 2012). This idea brings me to my next point: if neo-
patrimonial governments have worked for Southeast Asian countries, why haven’t they worked in Africa?

The real issue is not neopatrimonialism per se but the failure to separate politics and notions of good govern-
ance from economic growth. A developmental strategy must be entirely removed from political affairs, primarily
concerned with economic growth. Countries like Indonesia did not build their nations after a “legal-national bureau-
cracy” (Kelsall et al. 2010, 4). President Sukarno of Indonesia did so “by employing credits from state banks, monop-
olies in trade, and large infrastructure and supply projects issued by government ministries and state agencies” (Kelsall
et al. 2010, 4). The corruption existed, but, as Andrew McIntyre suggests, “monitoring and enforcement from the top
were sufficiently strong that the centre was able to prevent regulatory agencies from acting independently, ensuring
that a healthy share of bribes flowed upwards, with the remainder distributed proportionately at the coal face [for the
labourers and politicians themselves]” (Kelsall et al. 2010, 5). This is not to excuse or in any way promote corruption;
it just explains why neopatrimonialism has failed African nations: in countries like Uganda, individuals in public
office (with a few exceptions) are fending for themselves, attempting to maximise their salary in any way possible.
There is no method for embezzlement or doctoring. Since the political leadership cannot exercise effective control,
officials look to maximise their take without regard for the overall effect on the economy (Kelsall et al. 2010).

All in all, this informs that one of the objectives Uganda needs to achieve in order to accelerate economic
growth is to look beyond the notion that good governance will resolve all the nation’s issues. Instead, the concern of
the nation should be to develop economically. The government does this so by making development the focal point
of its objectives, looking beyond simple notions that are poorly founded, such as those previously discussed. None-
theless, the idea of making development the focal point of objectives does not replace the ideas of good governance
and anti-corruption politics, which would certainly support development.

The Government’s Role

The government of Uganda still has a massive role to play in other areas that contribute to development beyond good
governance. This includes shifting the objectives from achieving good governance to objectives concerning the struc-
ture of the economy and provision of an economic environment that facilitates the formation, success and productivity
of firms (Booth, 2012). The government may do this in numerous ways, such as enforcing laws to tackle economic
problems. Research shows that jurisdictions with weak shareholder protection laws are likely to have a high concen-
tration of ownership (i.e. few shareholders) and difficulty raising finance; there is a general trend of companies with
few controlling shareholders and quality/enforcement of laws protecting shareholders. Communities in Uganda suffer
from poorer shareholder protection and tend to have company ownership concentrated in a few individuals. These
factors essentially hinder development since the government fails to protect providers of capital. Due to this, the
government does not support a competitive business environment, which is the alleged function of corporate law.

Another way the Ugandan government could actively foster development is debt management. Debt man-
agement is one of the few factors almost entirely in the hands of the government. According to the World Bank,
Uganda must Maintain prudent fiscal and debt management to support the fiscal consolidation agenda (The World
Bank Group 2022). If the government does not execute the capital budget more efficiently to maximise returns, the
purpose of receiving loans from foreign institutions is ultimately foiled. According to The World Bank Group (2022),
two factors have increased Uganda’s debt exponentially: disproportionately high current spending and consistently
ambitious capital spending marred by inefficiencies.
Booth (2012) argues that states are likely to be heavily involved in an economic transformation, which the United Nations define as: a focus on enabling investments that foster patterns of economic growth to improve the distribution of incomes, increase economic diversification, and take full advantage of appropriate technologies and innovations (United Nations Sustainable Development Group 2020) because it is the government’s responsibility to build the nation’s infrastructure (water, power, transport) and facilitate adequate healthcare and education. In Uganda, however, these tasks are permanently entrenched in problematic politics. Take, for instance, Uganda’s attempt to manufacture its own Covid-19 vaccine. The Minister for Science, Technology and Innovation, Dr Monica Musenero, indicated that the scientists had made significant progress in all projects, costing the government up to Shs 31 billion (Namayo, 2022). Last year, Mr Yona Musinguzi, the Ntungamu Municipality Member of Parliament, accused Dr Musenero of misusing the money for Covid-19 vaccine research. He insisted that the Shs 31 billion that Parliament appropriated to the Ministry of Science, Technology and Innovation to manufacture Covid-19 vaccines was channelled towards the Presidential Scientific Initiative on Epidemics (PRESIDE). According to Honourable Musinguzi, it is not a registered organisation: “In its definition, [PRESIDE] should be a company; it is not registered anywhere, but it is receiving big sums of money under the disguise of some scientists who have come together to produce for us a coronavirus vaccine,” he argued in Parliament (Lumu 2022). This instance displays how whenever Uganda allegedly makes significant strides towards development, the progress is overshadowed by the nation’s leaders’ failure to stay focused on development which is a symptom of a larger systematic issue: Uganda's government does not have a collective ambition for prosperity to drive them into decision-making— meaning that atomized political actors in the government will continue to sabotage the progress of the many because there are no collective pressures holding them in check. Though some may argue that this may indicate how corruption results in a lack of dedication, as previously mentioned, countries like Indonesia have experienced accelerated growth periods under corruption. Oil and trade industries have grown exponentially under corrupt ministers in Southeast Asian countries, so what is Uganda’s excuse? If the government truly wanted change, to develop a vaccine to save lives, they would! Regardless of whether some money is set aside illegally for private benefits! Once again, this paper does not condone any form of corruption, but these examples only show an immense absence of commitment to development in Uganda. Instead of dealing with facts and statistics, the focus is shifted back to self-serving and short-term corruption, and everyone is deceived into thinking that it is the central issue. The corruption is a symptom of a more extensive illness, inadequate conscientiousness and zeal when it comes to pursuing economic prosperity.

This section demonstrates that the government is inseparable from development but not in the way that is commonly perceived. To experience economic development, Uganda must make critical, strategic decisions that foster development.

SECTION 2: ECONOMIC TRANSFORMATION IN SINGAPORE - A CASE STUDY

To understand the necessary objectives, I have chosen to study Singapore’s shift from a third-world country to a first-world one. According to The World Bank, Singapore is a high-income economy with a gross national income of US$64,010 per capita as of 2021, a 16.36% increase from 2020 (Macrotrends LLC, 2022). In the decades after independence, Singapore rapidly developed from a low-income country to a high-income country. GDP growth in the city-state has amongst the world’s highest, at an average of 7.7% since independence and peaked at 9.2% in the first 25 years (The World Bank 2021). Similar to Uganda, Singapore was a British colony but, upon seceding from the British crown, merged with Malaysia to form the federation of Malaysia (Ping 2021). Consequently, strife and conflict fell upon the nation as the two cultures failed to agree with one another. Eventually, the Malaysian parliament voted to expel Singapore from Malaysia to maintain political sovereignty leading Singapore to gain its independence on August 9th 1965, with Yusof Bin Ishak serving as its first president and Lee Kuan Yew as its prime minister.
A forgotten country, Singapore was the epitome of an impoverished nation; more than two-thirds of its population lived in slums and squatter settlements on the city’s fringe. Even Lee Kuan Yew admitted that he and his government “faced tremendous odds with an improbable chance of survival. Singapore was not a natural country but man-made, a trading post the British had developed into a nodal point in their worldwide maritime empire. We inherited the island without its hinterland, a heart without a body” (Yew 2000, 2). Critics all over the world awaited the downfall of Singapore. Richard Hughes wrote in the London Sunday Times (22 August 1965), “Singapore’s economy would collapse if the British bases – costing more than 100 million pounds sterling – were closed” (Yew 2000, 2).

Nevertheless, with three million people, the island ranked in 1990 as the world’s eighteenth largest exporter of merchandise and thirteenth in commercial service exports; merchandise exports were three times those of the whole of India. Singapore’s population was one-quarter of 1% of China’s, but its GNP was 9-5% of China’s. By the 1990s, few commercial decisions relating to Southeast Asia could have been taken without reference to Singapore; almost any multinational enterprise, whether in manufacturing or services, planning to expand outside North America, Western Europe, or Japan would naturally consider it as a location (Huff 1997).

Naturally, one must wonder how a country with no natural resources, limited land and an almost inconsequential population managed to transform itself. This section aims to thoroughly examine the development of Singapore and identify the key factors that fostered economic growth that can be applied to Uganda. However, it is important to keep in mind that these features are not an exact blueprint. Uganda and Singapore are two distinct countries with large discrepancies in geography, international relations, culture, and history. Therefore, one cannot guarantee that what was done in Singapore will produce the exact results experienced in the Southeast Asian country. As mentioned in the previous section: each country has a specific set of objectives it must achieve to experience economic growth. In addition to this, the factors examined in this section, due to time constraints, will focus on features most relevant to Uganda and its development.

Fighting Corruption

Newly independent Singapore faced the issue of an Asia deeply submerged in corruption; as Lee Kuan Yew puts it: “When the PAP [People’s Action Party] government took office in 1959, we set out to have a clean administration. We were sickened by the greed, corruption, and decadence of many Asian leaders. Fighters for freedom for their oppressed peoples had become plunderers of their wealth” (Yew 2000, 148). The PAP government did this in two main ways: amending and enforcing anti-corruption laws. These methods allowed Singapore to rank as the least corrupt country in Asia with a score of 9.18, ahead of Hong Kong, Japan, and Taiwan. Transparency International (based in Berlin) placed Singapore in seventh place worldwide in 1998 for the absence of corruption (Yew 2000).

The first step was amending outdated laws to ensure that the judicial body laid out no room for compromise or bending of the law; Yew (2000) writes of how the PAP government altered the archaic 1937 anti-corruption law and widened the definition of gratuity to include anything of value to ensure the integrity of public servants. The PAP government incremented the maximum fine for corruption from S$10,000 to S$100,000 and giving false or misleading information to the Corrupt Practices Investigation Bureau (CPIB) was made an offence subject to imprisonment and a fine of up to S$10,000 (Yew 2000). The laws created even provided for instances when the government was non-compliant, thus placing the law above legislators; the CPIB’s independence of action was guaranteed by the Constitution, with provision for the elected President of Singapore to open the doors for the investigation to proceed should the government of the day block CPIB (Hin 2011). The laws provided that no one, not even those holding the highest office, could evade the hand of reproach. Revisions such as these laid the foundations for a fierce fight against corruption but alone could put a stop to the majority of corrupt practices.

Laws without enforcement are simply cars with no fuel. Though the vehicle may appear powerful and advanced, it serves no purpose without fuel. Similarly, the legislation unaccompanied by rigorous enforcement is essentially futile. The CPIB has always endeavoured to be a crack investigative agency, purpose-driven and committed fully to its mission of “combat(ting) corruption through swift and sure action” (Hin 2012, 125). Swift action suggests
promptness of action, speed and timeliness, while sure action suggests certainty of action, resoluteness and result-orientedness (Hin 2011). The Singaporean government recognised that at its core, it must place the enforcement of anti-corruption laws at the centre. Yew (2000) argues that “with a keen nose to the ground and the power to investigate every officer and every minister, the director of the CPIB, working from the Prime Minister’s Office, developed a justly formidable reputation for sniffing out those betraying the public trust” (150). This is showcased by a renowned case in 1986 when the minister of national development, Teh Cheang Wan, was found “to have taken two cash payments of S$400,000 each, in one case to permit a development company to retain part of its land which had been earmarked for compulsory government acquisition, and in the other to assist a developer in the purchase of state land for private development” (Yew 2000, 178). As he wrote in a letter addressed to Yew, once found guilty, the minister could not bear the thought of public mortification and ostracism that was bound to occur, so he took his own life. This instance demonstrates that the government managed to create an abhorrence of corruption so strong that one would rather take his own life than face the public eye (Yew 2000). The consequences of corruption were inescapable, thus revealing how well enforced anti-corruption laws were and how corruption was viewed by Singapore residents. Overall, Singapore has proved that corruption is not something one must accept in the name of the idea that it must and will always exist within a society. It is possible to build a community where both the government and the public despise corruption and seek to put an end to it.

In Uganda, however, there is no accountability when it comes to corruption. In the example relating to covid-19 vaccines above, Dr Monica Musenero has not been penalised in the harsh manner that sends a message to public officials. The laissez-faire style of the justice system not only excuses corruption but encourages it. How else would one get away with (allegedly) embezzling almost 31 million shillings? What this indicates is that Uganda must make anti-corruption enforcement a top priority. Uganda might do this by creating laws that anticipate instances when the government is non-compliant. As Singapore made clear, no one should be above the law. Every public servant should labour knowing they are being keenly watched, and there is no escaping the hand of justice.

Dedication to Infrastructure

Forty years ago, Singapore severely lacked infrastructure, but in 2021, Singapore ranked number one in the entire world with the highest ranked infrastructure market access according to the Legatum Prosperity Index (Legatum Institute Foundation 2021). From the experience of Singapore, infrastructure is clearly central to socio-economic advancement (Lim 2008). An efficient infrastructure facilitates the delivery of information, goods and services, supports economic growth and assists in achieving social objectives such as raising living standards and educational levels (Lim 2008).

The new Singaporean government recognised the need for infrastructure and made large strides in development. According to the United Nations, “if the costs of transporting goods increase due to poor infrastructure, the rate of return on investment projects diminishes. In fact, studies on transaction costs show that MNCs [Multinational Corporations] would choose investment in a host country in lieu of trade if the cost of direct investment decreases relative to trade” (Nizamuddin 2007, 156). Due to this, the Singapore government sought to reduce the costs of transportation and improve social standards by establishing four federal agencies: the Housing Development Board (HDB), the Public Works Department, the Urban Redevelopment Authority, and the Public Utilities Board. The establishment of these bodies alone was nothing worth celebrating; simply because a committee is established does not mean it is going to take the necessary means to perform its duties to the highest standard. However, what the Singaporean federal agencies accomplished speaks to the level of dedication and commitment of the government of the time and is much deserving of celebration. Over the first three years of operation, HDB constructed 20,000 housing units (Nizamuddin 2007). From 1960 to 1985, it completed 500,000 high-rise apartment complexes. Good infrastructure in Singapore, however, was not constructed haphazardly with no method; it was strategically planned. For instance, the Singapore government’s Concept Plan was first developed in 1971 and then fine-tuned. A “Ring Concept” was chosen: high-density satellite towns linked to the Central Business District by expressways and a rail system, and this was followed
by slum clearance and an extensive public housing project (Lim 2008). What this reveals is that the Singapore government took the time to create schemes and systems that enabled the infrastructure to fulfill a purpose that offered a sufficient return. It was not done for superficial reasons but offered immense economic growth opportunities.

Singapore’s investment in infrastructure not only grew the economy but also grew a sense of nationhood. According to Lim (2008), an author of a report on infrastructure development in Singapore, “The Ministry in charge of ensuring adequate public housing for everyone is the Ministry of National Development, whose policy is to give every Singaporean a stake in the country and through this aspect feel a sense of ownership for the country” (231). Lim (2008) illustrates that infrastructure plays a more significant role in the nation. It empowered its citizens and gave them a piece in a grander puzzle, so much so that today, 86% of Singaporeans live in public housing flats built by the Housing development Board, and these homes have also become assets to their owners since 92% of HDB residents own their flats (Lim 2008). The public housing strategy may be viewed as a steppingstone that the Singapore residents needed to establish themselves, to become a part of nation-building. Uganda must adopt the willpower showcased by Singapore in its infrastructural endeavours; as opposed to haphazard ventures, Uganda must build roads, public housing, and communication networks, all with a stratagem in mind.

CONCLUSION

In order for Uganda to experience economic growth, it must accomplish numerous things. Firstly, the community and leadership should let go of the mantra that good governance will solve all problems. This pattern of thought prevents the nation from coming to terms with the real developmental issues that Uganda has struggled with for decades. Though good governance plays an integral role in the nation’s development, it is not solely the pursuit of democracy that will create economic growth. The government must shift their concerns to developmental objectives such as prioritising debt management and stricter law enforcement. The case study of Singapore reiterates this; the government must show a greater commitment to infrastructure by instilling leaders that want to make a change and the best way to do this is to administer rigorous anti-corruption laws. Uganda already has the legislation present; the issue is with enforcement. The laws must make no exceptions to even the highest office for the law to be one hundred per cent effective. This guarantees high levels of integrity that result in the necessary nation-building. In addition to this, Uganda must build infrastructure with the end in mind. How will the infrastructure go beyond just improving appearance to create opportunities for trade and promote economic well-being for the nation and its people? The truth of the matter is that every nation in Africa is as close to becoming a first-world country as it would like to be. It simply takes an unwavering commitment and determination to create the Uganda we dream of.

BIBLIOGRAPHY


