

## MAKING A LIBERAL STATE: 'GOOD GOVERNANCE' IN GHANA

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## Abstract

This paper is concerned with the project of constructing a liberal state as evidenced through the World Bank's policies and practices of good governance in Ghana. It argues that this project is an expression of characteristically liberal ways of thinking about the state and its relationship with its economy and society. The construction of a liberal state involves more than simply reducing the scope of state power and constraining state action through forms of accountability – although it does involve these. It is also about the constitution of the state as a governmental agency with the capacity to enact reforms on its society – that is the liberal state is one with significant autonomy and agency; and it involves the engineering of that very 'civil society' to which the state is to be made accountable.

## Introduction

This paper is concerned with the project of constructing a liberal state as evidenced through the World Bank's policies and practices of good governance in Ghana. It is not concerned with the institutionalization or functioning of multiparty democracy directly. Of course some form of democratic politics is often thought to be an integral part of the more general project of the construction of liberal modes of politics and government – and this has clearly been the view of many external donors in Ghana and beyond. What this paper does is explore a number of other aspects of the construction of liberal politics, focusing in particular on the relationship between the state and its society and economy, partly, as I hope to show, because the institutionalization of liberal politics involves much more than simply democracy, and partly because the relationship between democracy and the construction of the liberal state is complex and ambiguous. The construction of a liberal state involves more than simply reducing the scope of state power and constraining state action through forms of accountability – although it does involve these. It is also about the constitution of the state as a governmental agency with the capacity to enact reforms on its society – that is the liberal state is one with significant autonomy and agency; and it involves the engineering of that very 'civil society' to which the state is to be made accountable.

This paper first traces these issues through a brief review of some of the arguments found in liberal political theory. It then turns to the policies of good governance and finally to the practice of reform in Ghana as illustrated by a number of World Bank projects. The purpose of this is to show the connections between liberal theorising and the policies and practices of the World Bank. That is, the World Bank reproduces in its practices the arguments, concepts, and ambiguities found within liberal theory. It is also to show that view that liberalism is largely about ensuring the conditions for the expression of individual freedom is distinctly one-sided. Liberalism as a body of thought and as expressed in the practices of the World Bank is also about generating the capacity to govern populations in their 'depths and details', as Foucault put it, and inserting individuals in new forms of individualized discipline (Foucault, 2001b: 219). More broadly this reading of liberalism is inspired by Margaret Canovan's argument that liberalism is a 'project to be realised' (Canovan, 1990). In this view liberalism is not

simply or even largely a body of theorising; it is also and significantly a political project of transformation. Viewed in this way liberal theorising is not normative philosophy, but an extended reflection on the desirability and possibility of social transformation. What is more, this understanding of liberalism allows us to connect in more systematic ways liberal thought with liberal agency; to see liberal agents as enacting this liberal project. The implications of these arguments for the idea and functioning of forms of democracy are discussed in the conclusion.

### The theoretical terrain of liberalism

#### *The State*

Liberals have very often been suspicious of the state and anxious about its power and scope; yet, in almost all liberal thought, the state remains the central vehicle for the achievement of liberal ends and arrangements. The primary tension here then is that within liberal thought the state is conceived of as both weak and strong. The state must be weak because it is purely an enabler, little more than a neutral mechanism providing security to allow free and equal individuals to pursue their life projects unhindered by others. This view has been particularly prominent in contemporary liberal political theory (Goodin and Reeve 1989). It is most obviously associated with the work of John Rawls, and following Rawls, Richard Dworkin (Rawls 1972). According to Dworkin, the liberal state must be neutral on the question of the good life for individuals and thus political decisions must be, so far as possible, independent of any particular conception of the good (Dworkin 1985). But it is quite clear that a strong strand of liberal thought, arguably from Hobbes and Locke onward, has justified the state on the basis that it is 'neutral' between competing conceptions of the good (Salkever 1990). Kant, for example, argued that a paternalistic government was the 'greatest conceivable despotism' as it imposes a particular morality and a particular view of what makes people happy (Kant 1970). In this view a strong state is a potential threat to free persons. First, the state may attempt to impose some particular social order, which will invariably embody some set of values, that constrains people's freedom, and second, that the offices of the state may be abused by their incumbents (and the stronger and more expansive the state the greater the possible abuses). Within liberal thought, these threats are countered by the advocacy of a universal legal code to which state officials are also subject, the establishment of certain

political rights which the state cannot transgress (association, free speech and so on), and the institutionalization of forms of political accountability – usually understood as forms of democracy (Paul, E. et al 2005, Waldron 1984). These then play a crucial role in constraining the state, both in its power and scope, and help to ensure that the state does not encroach on the legitimate expressions of individual freedoms, including of course economic freedoms.

There is an extensive debate over exactly what the basis of the argument for a neutral state is, and liberal thinkers have been characteristically ambivalent on this point (Galston 1982, Kymlicka 1989). On one hand liberals have appealed simply to the ‘facts’ of pluralism to demonstrate the desirability of a neutral state. As Locke says, ‘men in this world prefer different things and pursue happiness by contrary courses’ (Locke 1976: 123). In a related fashion, Rawls has suggested that neutrality is to be understood as a political not a metaphysical principle; the liberal state simply responds to the already existing pluralism that exists in society (Rawls 1985, Rawls 1993). As its most basic this is a kind of pragmatic justification, as any attempt to impose a particular moral or political order will inevitably lead to conflict and possibly violence. On the other hand, liberals have also very often relied on philosophical arguments, rather than political or pragmatic ones, to justify the neutral state, and in so doing of course have advanced particular conceptions of the good (Galston 1982, Sandel 1982). Hobbes and Locke both endorsed what would come to be called the ‘bourgeois’ goods of peace, comfort and security (Salkever 1990: 170). In doing so they endorsed these values as particularly appropriate for individuals. There is a good case for arguing that Rawls also has particular conception of the good for persons at the heart of his theory (Sandel 1982). As Brian Barry has argued, ‘there is no way in which non-liberals can be sold on the principle of neutrality without first injecting a large dose of liberalism into their outlook’ (Barry, B 1990: 54). That is, arguments for the neutrality of the liberal state actually rest on substantive conceptions of the desirable way of life; or to put it another, the neutrality principle applies between ways of life that are the expression of the choices of individuals already committed to the goods of liberalism (Galston 1982: 625).

This ambiguity about the grounding and extent of the neutrality principle points in the direction of the other vision of the state in liberal thought – that of the strong state. For while it might be right that all liberals think there should be domains of social life over

which the state has no legitimate authority, they also want to see these domains created and sustained, and the only agency capable of doing that is the state. The strong state must to a certain extent, then, be disengaged from social interests and certainly not overwhelmed by them; it must in other words, be ‘autonomous’ from society, at least up to a point, because it is only by being autonomous that the state is not prone to capture by social groups who would threaten the achievement of liberal ends. And this is where we should locate the anxiety that many liberal thinkers have had about the form and extent of democratic arrangements. This is especially clear, for example, in the work of John Stuart Mill (Mill 1972). This suggests that there is within liberalism a vision of the state as capable of imposing and maintaining a certain kind of social order – a liberal order. On this view it is quite impossible for the liberal state to be neutral and indifferent to values; rather, it must actively interfere in what people believe and how they live, even to the extent of inculcating certain kinds of values and dispositions as well as reconstructing social relations. Such elaborate processes of transformation of both institutions and practices require not a weak state, but rather a state constituted in the form of a bureaucratic apparatus with all the capacity for social surveillance and social control which that makes possible.

The tension between the idea of a weak state and the idea of a strong state is explicable in terms of the liberalism as a political project of social transformation. To put it bluntly a strong state is necessary to construct and defend liberal institutions and practices, but once these are established and secure the state can afford to be ‘neutral’. All of this might seem some way from the World Bank, but as we shall see, it is not. For these ambiguities about the state – weak but strong, neutral but partial, accountable but not captured – are exactly replicated in the way the World Bank thinks about the role of the state in development. And the central role that the state is understood to have in the liberal project is again exactly replicated in the World Bank’s account of good governance. And both of these too are reflecting in the specific content of some of its projects in Ghana.

### *Civil Society*

The term ‘civil society’ has enjoyed a remarkable renaissance in recent years (Keane 1998, Seligman 1992, Cohen and Arato 1992). ‘Civil society’ holds an important place in liberal thought, signaling as it does an associational sphere somehow between the state

and the family, which is both a realm of freedom (rights of association, worship, and pursuit of varied goods) and a check on the power of the state. In the traditional liberal story civil society plays three important roles (Chambers and Kymlicka 2002). First, civil society advances liberal ends by providing a check on the centralizing or over-bearing state. It does this by being an arena of free debate and criticism of the state. For civil society to be effective in this role, political resources such as wealth, leadership and organizational skills must be relatively widely dispersed through society. This is one connection between civil society and a liberal economy, as a liberal economy allows for at least some of these resources to be developed outside of control by the state. Second, civil society supports liberalism by providing an arena for diverse interests and opinions to develop. This, so the argument goes, prevents the formation of a tyrannical majority and allows for the expression in associational life of diverse life patterns. Third, civil society cultivates certain personal virtues and moral dispositions that are seen as important for sustaining liberal life. These include self-control, law-abidingness, cooperation, tolerance, and self-reliance. This role for civil society emphasizes the ‘civil’ aspects of civil society (Rosemblum 1989, Putnam1995).

There are, of course, tensions and ambiguities that complicate this traditional picture. These cluster around three interrelated areas. First, there is a tension between civil society as a realm of private interests and as a protector of the public interests. As has been noted above, the traditional liberal story has it that civil society is both a realm of private interest and a realm of where the public interest is advanced and protected. It is a realm of interests in the sense that groups form to advance economic and other interests in a relatively free context. These ‘interest groups’ (to use the contemporary political science language) engage in strategies, such as lobbying and publicity campaigns in order to advance their own particular interests. At the same time, however, civil society is charged with protecting the public interest through criticism of the government and free debate; and this would seem to require individuals to put aside their private interests and act instead in the interests of the larger polity.

A second set of related ambiguities surrounds the role or status of ‘identity’ in civil society. The dilemma can easily be seen by thinking of ‘affective’ groups, such as those based on race, ethnicity, religion or culture. To the extent that these groups internal values and arrangements are non-liberal (for example, they may be based on gender inequalities)

should they be accepted as legitimate part of civil society? For some liberals the answer must be no (Kateb 1994, Galston 1995). Other have seen some value in these groups, although even here although even here tend to be limitations (Kymlicka 1991, Barry 2001). As Kymlicka has argued, ‘liberals are committed to supporting the right of individuals *to decide for themselves* which aspects of their cultural heritage are worth passing on’ (Kymlicka 1992: 144, emphasis added). The third set of ambiguities surrounds exactly what kinds of areas of public life are to be influenced or shaped by civil society (Charney 1998). That is, how much faith should liberals put in civil society to advance and protect liberalism, and how much should liberals seek guarantees outside of civil society – say in the state and the legal system – for liberal ends and arrangement? This is the flipside of the tension noted above over the extent to which the state should be insulated from society so as to be able to pursue liberal ends, and it follows from the anxieties over the extent to which the public interests can really be guaranteed by civil society.

The World Bank again exactly reproduces these tensions. It has found civil society in some of the most unlikely places, and afforded it a significant role in the development of good governance; yet must be the right kind of civil society (modern non-affective) and it must relate to the state in the right kind of way (public interest). These ambiguities point again to the idea of liberalism a project of social transformation. Civil society is itself an at least partly constructed realm. Certain groups, with certain kinds of identities, and certain kinds of objectives are to be encouraged, and other groups dismissed as ‘bad civil society’ (Chambers and Kopstein 2001). The pursuit of certain kinds of particularist interests (tribe, religion) are to be excluded, particularly from public policymaking, yet the pursuit of other kinds of interests – economic for example – are to be encouraged as a way of making the state accountable.

### Good governance

Good governance is epitomized by predictable, open, and enlightened policymaking (that is a transparent process); a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; a strong civil society participating in public affairs; and all behaving under the rule of law (World Bank 1994a).

By the middle of the 1990s the World Bank had been led to contemplate a detailed transformation of the politics, institutions and societies of its borrower countries. There is a complex story here, but it is significant that the term good governance was first used by the Bank in the context of the perceived problems of African development (Williams, 2008). The 1989 report, *Sub-Saharan African: From Crisis to Sustainable Growth*, argued that ‘underlying the litany of Africa’s development problems was a crisis of governance’ (World Bank 1989: 60). This idea of a ‘crisis of governance’ went beyond simply a concern with failing government institutions and focused attention on a much broader set of political and social factors.

Ultimately, better governance requires political renewal. This means a concerted attack on corruption from the highest to the lowest levels. This can be done by setting a good example, by strengthening accountability, by encouraging public debate, and by nurturing a free press. It also means empowering women and the poor by fostering grassroots and non-governmental organizations, such as farmers associations, cooperatives and women’s groups (World Bank 1989: 6).

Good governance is in very large part about the state. And, like much of liberal thought, the World Bank sees the state as having the central role in constructing and protecting the conditions under which the achievement of liberal ends is possible. But as with liberal thought so this central role is fraught with tensions and ambiguities. In particular good governance is about making the state both stronger and weaker. It must be strong enough to govern effectively and enforce the rules. This is the significance of the concern with improving the institutional, regulatory and legal frameworks for development. ‘The state has an indispensable role in creating a favourable economic environment ... It is of the utmost importance for the state to establish a predictable and honest administration of the regulatory framework to ensure law and order, and to foster a stable, objective and transparent judicial system (World Bank 1989: 55). It must also be strong enough to resist the malign influence of certain social groups: ‘in some spheres ... there can be little compromise. Family and ethnic ties that strengthen communal actions have no place in central government agencies where staff must be selected on merit, and public and private monies must not be confused’ (World Bank 1989: 60) On the other hand the state must be made

weaker. It must learn to govern less, and it must be made accountable to certain social groups. The report emphasized the importance of decentralization in the process of building better governance: 'local governments are best suited to meet the needs of local communities ... developing competent and responsive local governments is central to capacity building' (World Bank 1989: 58). The report also stressed the need to harness and encourage 'civil society'. It suggested that the 'new approach should try to reconcile efficient government with the common desire of individual Africans to be independent economic operators, and of social, religious, and community groups to play their part':

the object should be to release private energies and encourage initiative at every level. At the grassroots level this means village and ward associations; at the intermediary level, various local nongovernmental and cooperative unions and other organizations; at the national level, chambers of commerce and industry, trade associations umbrella NGO organizations ... and professional associations of Bankers, doctors, lawyers, accountants and the like (World Bank 1989: 59).

The report argued that these 'intermediaries' can voice local concerns, bring a broader spectrum of ideas and values to bear on policymaking, and exert pressure on public officials for better performance and accountability (World Bank 1989: 61).

In this vision of the state, then, it must be insulated and accountable, uncaptured and responsive, autonomous but not oppressive. As we shall see in the next section this takes the World Bank down the road of designing intricate development interventions that attempt to mediate this tension. So, for example, the state is to be given much enhanced tax-raising powers, yet it is also subject to carefully controlled practices of publicity and accountability. Good governance also seems to require the construction of the right kind of 'civil society' that can both hold the state accountable for its actions, and pressure the state into undertaking actions conducive to economic development. And again we can see how this reflects liberal thought. We have on the one hand the idea of civil society as a political institution, charged with holding the state accountable and in so doing ensuring the state pursues the public interest. On the other hand we have the idea of civil society as a private associational sphere that enables people to pursue their particular private

interests (as businesses, unions) through political means – with the obvious danger that these groups exercise too much influence on policymaking. It is also possible to see how the imagined composition of civil society within the good governance agenda reflects ambiguities within liberal thought. The kinds of groups the World Bank refers to tend to be recognizable modern and based on non-affective ties. And as we shall see, in practice the World Bank has designed development projects that encourage the formation of these kinds of groups.

### The practice of reform: Ghana

The World Bank has been concerned with Ghana's governance right from the early 1990s. In 1993, the Bank produced a Country Strategy Paper (CSP) for Ghana which argued that Ghana needed to create an 'enabling environment' for private sector growth by removing 'inhibiting regulations', increasing transparency and due process in the enforcement of rules and regulations, divesting state owned enterprises, correcting tax 'distortions', reducing transaction costs in the financial sector, and conforming to 'international conventions' in such matters as accounting, auditing, and the disclosure of financial and operating data (World Bank 1995b: 33-34, 1992). It also argued that there needed to be improvements in public sector management, which included continuing the civil service reform program, improving expenditure management, improving tax collection, and 'capacity building' at both the central and local government level (World Bank 1995b: 34, 1992: 91-95). An OED report on World Bank activities in Ghana 1995-1997 argued that 'improved governance is essential'. Included in this, so the report argued, was further progress on decentralization, improvements in the regulatory and legal environment, civil service reform, and improved accountability, particularly concerning the government budget (World Bank 2000b). The World Bank's 2004 Country Assistance Strategy for Ghana includes many of the same concerns. It argued that improvements were needed in coordination between ministries; that the capacity of local government institutions needed to be improved; that the civil service needed to be 'professionalized'; that the government's financial management needed to be strengthened; the corruption needed to be reduced; and that participation by civil society

in the management of public affairs needed to be encouraged though increased provision of information on government business (World Bank 2004a). The World Bank's ongoing support for Ghana's Poverty Reduction strategy illustrates the same themes. Nominally the government of Ghana was responsible for producing its Poverty Reduction Strategy. In fact, as Lindsay Whitfield has argued, the World Bank was the most important influence on the content of the report (Whitfield 2005, see also Fraser 2005). Unsurprisingly, then, the strategy involves the creation of governance framework is characterized by a democratic, inclusive and decentralized state, a capable and motivated public service, and an effective policy, budget management and implementation process. The World Bank has argued that Ghana needs to do much more to achieve this objective. Again it has stressed the importance of improving the capability of local government, reform of civil service, strengthening the capacity of the central state, improving the budget management process, improving accountability and transparency, and reducing corruption (World Bank 2003a).

This section examines several World Bank projects in the broad area of governance reform. In line with the above argument these projects illustrate the tensions and ambiguities of the liberal state. The first section examines a number of projects that are significantly about redefining and reducing the role of the state. The second section looks at projects where the capacity of the state to govern its society and economy is the central focus. The third section explores projects that concern themselves with civil society. This division is somewhat artificial in the sense that projects often have all three elements within in. Nonetheless, this division serves to highlight the kinds of reforms the World Bank either has or is currently undertaking.

### *Redefining the role of the state*

In 1996 the Bank undertook a Public Enterprise and Privatization Technical Assistance Project (PEPP) in Ghana which was designed help the government implement its public enterprise reform and privatization program (World Bank 1996). The privatization of State-Owned Enterprises (SOEs) has been part of the economic recovery program since

1983, and it continues to be a key part of the Bank's strategy, as is the reform of those SOEs which will remain under government. In 1994 the public sector accounted for an estimated 35 percent of GDP, including 40 percent of manufacturing all activity, and almost all the financial sector and utilities. As of 1994, about two hundred enterprises remained in public ownership which employed approximately 150,000 employees. SOE liabilities to the government exceeded US\$1 billion at the end of 1994, and the government had guaranteed approximately US\$250 million of SOE borrowing. The reform and privatization of SOEs was one area in which Ghana has not complied with Bank loans conditionalities, and while there were political and ideological factors behind the governments unwillingness to engage in a process of mass privatization, there were also technical and administrative problems, associated with a lack of expertise in valuing the assets of SOEs, a lack of information, a lack of clarity in the legal code, and lack of bureaucratic coordination (Leith and Lofchie 1993: 276-79, Toye 1991: 180-81).

One particular problem identified by the World Bank was that the State Enterprises Commission (SEC) had no accurate information on the value of these enterprises, and no accurate information on the exact fiscal burden they were placing on the state (World Bank 1996: 4). One component of the PEPP supported the Ministry of Finance and SEC in developing a 'portfolio management capability', to allow the government to 'coordinate and manage the reduction of the size of the portfolio through divestiture, focus on core financial performance criteria, and address the new financial policy issues created by the privatization program'. In particular, it focused on maintaining complete and reliable information, monitoring and tracking the financial and operational performance of SOEs, and advising the government on financial policy issues (World Bank 1996: 5-6). PEPP also provided funds to help reform the legal and regulatory framework for SOEs. This went beyond a change in the legal status of SOEs into limited liability companies, and encompassed measures to reduce government interference in the day-to-day management of SOEs, increase their exposure to 'market competition', and use 'incentives' to improve their performance and increase their accountability (World Bank 1996: 7-8). In addition, the project supports the government in developing and implementing a 'public information and communications strategy', which would increase

accountability by providing for public dissemination of information on the performance of SOEs, and which would build and sustain public and stakeholder support and investor confidence in the privatization program (World Bank 1996: 10).

The Bank's attempt to redefine the role of the state can also be seen in another project that had as one of its objectives the privatization and/or commercialization of nearly 200 government-owned or controlled agencies, ranging from the Ghana University Press and the National Theatre to the Ghana Tourist Board (World Bank 1999: 73-77). The stated aims of the project were: 'redefining the role and function of the state, designing appropriate institutions and systems to implement this role, and rationalizing the existing structure and systems to meet the new design' (World Bank 1999: 3). Part of this project was a fairly straightforward attempt to close down those agencies that had no clear mandate, and the project provided for funds for severance pay and retraining. Those agencies that did have a viable mandate were to be reformed, and as far as possible either fully privatized or at least commercialized. The overall aim of these components was to reduce government spending. But on top of reducing the size of the state, this project also attempted to reconfigure the relationship between the state and the 'private sector'. The aim here was the 'introduction of performance-based management principles for more efficient public services, with increased customer orientation, transparency and accountability' (World Bank 1999: 8). Concretely what this meant was increased private sector input into government operation through exchange programmes and joint activities, and increased private sector involvement in policy design and decision-making (World Bank 1999: 7). The idea was that this would not only make the government more efficient, but it would also increase accountability and transparency.

#### *Enhancing the capacity of the state*

As we argued above, the construction of a liberal state is not just about reducing its size and scope; it is also about enhancing its capacity to govern and reform its society. In 2003 the World Bank funded a Land Administration Project (World Bank 2003b). The Government of Ghana has been revising its land policy since the late 1990s. The aim of

this has been to stimulate economic development through improving security of land tenure, simplifying the process for accessing land, developing the land market and fostering prudent land management. The Land Administration Project was designed to support these objectives. It has a number of components. First, it supported the revision of laws and regulation regarding land ownership and administration. This was seen as particularly important because there are a variety of different types of land tenure systems in Ghana, some tribal, clan, or family based, some commercial, and some held by the state (Kasnaga and Kotey 2001). This review involved drafting new laws where appropriate, and resolving conflict and overlap between different systems. One outcome of this component is expected to be the development of a more efficient land market, as it would enable more secure and transferable land titles, it would ‘instill order and discipline to curb the incidence of land encroachment, unapproved development schemes, illegal land sales, and land racketeering’ (World Bank 2003b: 6).

A second component involved improving land titling, registration, and information systems. The problem here was that except in some urban areas there was no adequate mapping or land registration system. This led to boundary disputes, protracted litigation, and the freezing of land that could be used for development purposes. It also led to informal land sales and thus lost revenue for the government (World Bank 2003b: 7). The project supported the development of a land information system that would record the physical location of land parcels, the nature of its tenure, the rights held over it, and the holders of these rights. This involved photo-mapping process, the funding of land registration offices, the improvement of the Land Title Registry system, and improvement to the land development and building permit system. The project also supported the establishment of a National Land Valuation Database with a view to improving the ability of the government to collect tax revenue.

The Bank has argued that Ghana’s financial system is not very ‘deep’, meaning that compared to other developing countries, even in Africa, Ghanaians keep much more money in cash, and invest in building materials, or inventories, rather than saving in bank accounts, especially deposit accounts (World Bank 1995a). The Bank attributed this low

confidence in the financial sector to high levels of inflation, low or negative interest rates, high transaction costs, and violations in the confidentiality of bank accounts in the early years of Rawlings' government (World Bank 1995a: 43, Aryeetey 1994). The problem, according to the Bank, was that this led to low levels of investment which hampered growth, and it led to low levels of credit availability which hampered the ability of the government to successfully privatize state owned enterprises. In addition, the cheque clearance and settlement system was slow, there was inadequate availability of information, and a lack of technological infrastructure needed for money markets and the nascent Ghanaian stock exchange to develop further (World Bank 1995a: 3-8). Finally, the overwhelming dominance of cash in the economy was constraining the government's ability to improve tax collection because when most economic payments are in cash it is difficult for the government to estimate incomes and revenues and monitor completed transactions (World Bank 1995a: 42).

The Bank hoped to expand and deepen the financial sector in Ghana by undertaking an institutional development project targeted at certain 'non-bank' financial institutions such as the Ghanaian Stock Exchange, The Securities Regulatory Commission, the Bank of Ghana, and institutions associated with the national insurance and social security system. The Non-Bank Financial Institutions Assistance Project aimed to 'strengthen institutions and introduce instruments which would create conditions to encourage substantial amounts of savings held in informal, non-financial assets to move to the formal financial sector where they can be used more productively'. In particular it aimed to create new legislative and regulatory frameworks, change organizational structures, increase operational efficiency, build capacity in each sub-sector, and promote institutions to improve the provision of financial services to the informal and rural sector. This was expected to 'create an environment conducive to greater private sector activity' as well as supporting the divestiture of state owned enterprises (World Bank 1995a: 11). Among the components the project financed include those to support the purchase of computers for the Ghana Stock Exchange to speed and monitor the payment and settlement process, as well as support for an educational campaign 'to increase the awareness and understanding by the local population of the role of the securities market in the context of the divestiture

of public enterprises and the development of the private sector'. The project supported improving the capacity of the Social Security and National Insurance Trust, and assisting it to develop benefit schemes for workers in the informal sector most of whom do not contribute social security or national insurance payments. The project funded a review of the legal and regulatory role of the Securities Regulatory Commission, and an increase in the capacity of the Bank of Ghana to regulate other financial institutions. It also included a specific component to improve the cheque payment and settlement system by changing the legal and regulatory environment surrounding cheque payment, upgrading the data communications system, and increasing the number of automated teller machines. Finally, the Project provided funds for a review of the institutions and mechanisms which provide finance for small rural and informal enterprises, and funds a pilot project to assess the feasibility of using small financial institutions, based on models such as the Grameen Bank in Bangladesh, in the Ghanaian context (World Bank 1995a: 16-32).

The Local Government Development Project (LGDP) was a US\$55.5 million project designed to support the decentralization program by providing for the rehabilitation of urban infrastructure and services, and the 'institutional strengthening' of DAs, through technical assistance and improved revenue raising (World Bank 1994b). One objective of the LGDP was to promote the sustainability and expansion of urban services by strengthening the DAs' financial, technical and managerial capacities, supporting the government's decentralization program, and 'promoting accountability and efficiency in the provision of infrastructure and services' (World Bank 1994b: 9). The institutional development component of the loan provided support for increased district revenue collection. Increasing local revenue collection is seen by the bank as essential if DAs are to be able to perform their operations and maintenance activities. The LGDP provided support for drawing up Revenue Improvement Action Plans (RIAP) for each DA, and a key component of these plans is to be an improvement in the collection of property tax. The most important constraint on property tax mobilization to date has been the lack of accurate and up-to-date information, and the project provides support for the establishment of accurate urban maps using aerial photography, and for the formalization of street names and addresses to allow an accurate role of rateable properties to be drawn

up. Once this had been done, the project provided support for new computer hardware and software for the Land Valuation Board to enable the automated production of rate demands, and improved billing and collection operations. In addition, training was given to DA staff to ‘enable them to maximize the revenue potential that will be available from the updated, comprehensive tax base resulting from the revaluation of rateable properties’ (World Bank 1994b: 90-102). The information gained through the mapping of urban areas and the formalization of street names and addresses is an important part of improving the availability of information for urban planning and infrastructure development (World Bank 1994b: 97). Finally, the project supported the strengthening of central government’s capacity to support and monitor the activities of the DAs. This includes provision of training courses on the distribution of revenue sources between central and local government, training of Land Valuation Board Staff in the use of the new computers and the maintenance of property valuation lists, technical assistance to the Town and Country Planning Department in record-keeping systems, and support for changes in the legal and regulatory relationship between central and local government (World Bank 1994b: 108, 111, 91, 95, 87-88).

### *Constraining the state*

It is clear from the general discussion of the World Bank’s understanding of good governance, as well as the detail of some of the projects discussed above, that it sees ‘civil society’ as having an important role to play in holding the government (central and local) accountable. The then World Bank country director in Ghana said in 2000 that the two main benefits of greater civil society involvement were the generation of feedback to help the public sector improve its performance and the improved accountability of government (Harrold 2000). This concern with holding the state accountable to society is particularly clear in a recent Public Financial Management Project (World Bank 2000c: 3-4). This is a wide-ranging project focused on improving the budget management and revenue collection processes. But it also has as one of its key objectives the strengthening of monitoring and evaluation capacity, and the enhancement of ‘stakeholder participation’ and ‘civil society’ involvement in the area of economic management. This

involves a number of components. First, it provides for reform of procurement procedures and the establishment of a new procurement oversight institution. Second, the project provides for capacity building for parliament to improve its oversight role in the area of economic management (this will help to ‘professionalize its interaction with the government’). Third, the project supports capacity building for oversight agencies such as the Serious Fraud Office and for organisations within the Ghana Anti-Corruption Coalition (a ‘civil society’ organization) (see also World Bank 2000a). Fourth, the project funds a variety of initiatives to encourage the participation of civil society in the oversight of economic management. This includes providing training for the media so it can ‘play its watchdog role vis-à-vis the fiscal and economic activities of the government. Finally, the project funds reform of the information and public disclosure policies of the government.

What is less obvious, but what is revealed through some of the World Bank’s lending is the extent to which the World Bank is actively engaged in building a ‘civil society’. The Community Water and Sanitation Project (CWSP) was a US\$27 million project designed to support and implement the water and sanitation sectoral investment plan in Ghana (World Bank 1994c). The project was designed as a full-scale demonstration of Ghana’s National Community Water and Sanitation Strategy which emphasized the provision of water and sanitation services to communities who are willing to contribute towards the capital costs and the operations and maintenance costs of water and sanitation facilities. This approach was in deliberate contrast to previous Bank water supply projects which have been of a ‘top-down’ nature with little community participation. As a result, water supply facilities had been installed with little consideration for demand and sustainability, and ‘communities often saw no clear relationship between services rendered and tariffs charged’. Involving communities in decision making, and making them pay some of the costs of water supply facilities was seen as a way of ensuring the ‘ownership’ and sustainability of investments in water supply (World Bank 1994c: 1, 7-8, 28-31). District Assemblies, NGOs, and partner agencies disseminated information about CWSP, and helped interested communities prepare an application for a construction grant. NGOs were seen as effective ‘facilitators’ for community participation. Communities had to

demonstrate that they could effectively operate, maintain and repair water facilities, collect revenue, keep records and accounts, and evaluate and resolve problems (World Bank 1994c: 38, 7, 81). Once it had been established that the community could meet the requirements for involvement, a contract was drawn up between the community and the partner agency, or NGO. At this time the community was required to show proof that cash contributions from its members had been deposited in a specially created bank account. Communities were expected to contribute 5-10 percent of the capital costs of the project, and then levy and collect tariffs to pay for operations and maintenance (World Bank 1994c: 22, 28, 39).

A second Community Water and Sanitation Project ran from 2000 to 2004 (World Bank 2005). Much the same themes were in evidence. Again the project targeted community capacity building and community hygiene practices. Again community groups were given training in planning, implementing, operating and maintaining water and sanitation facilities. More stress was placed in this project on the participation of women in community water and sanitation groups. The idea of combining community capacity building with other development objectives is again visible in the Community Based Rural Development Project (World Bank 2004b). In this case the project supports the development of rural infrastructure and the rehabilitation of community facilities, alongside capacity building community based organisations. Building the capacity of these organisations will, so the project document suggests, improve good governance and lead to the empowerment of the poor by encouraging them to actively participate in issues which affect their daily lives (World Bank 2004b: 4-5). Concretely, however, this means they will be provided with 'capacity building' to enable them to 'identity and prioritize their needs', plan development programmes, access funds, and manage and maintain local facilities. This means training in management, small enterprise development, 'groups dynamics', planning, budgeting, record-keeping, and managing back accounts. In addition, small contractors and 'local entrepreneurs' will be trained in the basic skills for organizing labour intensive construction projects (World Bank 2004b: 36).

*Liberalism, the State, and Social Transformation*

It is clear from these projects that the Bank is concerned intimately with the actual practices of government, and the capacities needed to pursue them. One of the virtues of the work of Foucault and others who have followed a similar line of analysis has been to render these mechanisms and techniques of government as an object of analysis. Michel Foucault has called the constellation of governance capacities the Bank is attempting to create a form of ‘governmentality’ which is created by ‘the institutions, procedures, analyses and reflections, the calculations and tactics that allow the exercise of [a] very specific albeit complex form of power, which has as its target population’ (Foucault 2001b: 219-20). Governmental power was less concerned with the exercise of sovereignty over a physical territory, and more with the increased government of the ‘social’: ‘in contrast to sovereignty, government has as its purpose not the act of government itself, but the welfare of the population, the improvement of its condition, and increase of its wealth, longevity, health, etc’ (Foucault 2001b: 216-7). This shift signals a change in the understanding of what a government or state is for. It no longer becomes simply about the maintenance of territorial integrity, or of internal order; rather, in this new vision of government, the actions of the government are directed at controlling and improving the lives of its populace. Foucault also argued that accompanying this shift was a dramatic increase in the monitoring and surveillance capacities of states, ‘the development of power techniques oriented towards individuals and intended to rule them in a continuous and permanent way’ (Foucault 2001a: 300). Foucault calls this kind of power ‘pastoral power’, by which he means the state’s ability to know both its society as a totality, and each individual member of it, and its role in ensuring, sustaining, and improving the lives of ‘each and every one’ (Foucault 2001a: 307).

Associated with this change, and indeed implied by it, is a dramatic increase in the ability of government to ‘discipline’ its populace, and to generate the possibility for ‘action at a distance’ (Rose 1996).

‘Discipline was never more important ... than at the moment when it became important to manage a population; the managing of a population not only concerns the collective mass of phenomena, it also implies the management of population in its depths and details ... [it] renders all the more acute ... the necessity for the development of discipline’ (Foucault 2001b: 219).

The ‘disciplinary gaze’ of the state must be dramatically enhanced if it is to manage and act on its population in its ‘depths and details’. As these projects show, the Bank considers this an essential attribute of any modern government, and is manifested in its concern with individual tax identification numbers, accurate property registers, the formalization of addresses, and the ability of the Ghanaian state to plan, manage, and coordinate development activities. It is also manifested in the Bank’s concern to generate the possibility of ‘action at a distance’ through the use of tax systems and tax identification numbers which generate increased ‘self-compliance’. It should also be noted how building state capacity also means that the ‘disciplinary gaze’ of the state is turned upon itself, or, as Foucault has put it, it entails a ‘disciplinarization of the state’ (quoted in Gordon 1991: 27). The demands of planning, monitoring, and coordinating government action require that the activities of the state, in its own depths and details, are also made available for view, for only in this way can the state learn, plan, and act effectively. As Karl Polanyi has noted, Bentham’s panoptic principle of ‘inspectability’ had its applications not only for prisons and convicts, but also to ministries and civil servants (Polanyi 1957: 110).

Following from this, it is easy to see why Barry Hindess has argued that liberalism is a project of government (Hindess 2004). In this view Liberalism is an *ethos* and *techne* of government. The *ethos* of liberal government is not to govern too much so as to disrupt the freedoms necessary for the market economy to function; the *techne* is to develop mechanisms which allow the state to govern and manage its population ‘at a distance’ without resorting to coercion which would undermine economic freedom, and destroy the legitimacy of the state. The Bank’s lending to improve governance offers some support for this view. But while it is true that liberalism is intimately concerned with governing, the attempt to create effective forms of liberal governance is about creating the ability to

pursue a project of social transformation. The concern with establishing a land valuation database, for example, is not simply to govern, but to change social relations by developing a land market and formalizing land tenure. Similarly, the desire to increase the accountability of the state is not simply to encourage it to govern better, but to encourage certain forms associational life and certain kinds of social relations at the expense of others.

*The liberal state, democracy and governance*

The arguments presented here allow the connections between liberal theorising about the state and its relationship with its society and the policies and practices of the World Bank to be revealed. This connection suggests that the pursuit of 'good governance' is significantly ideologically shaped, and this is so not just in the general sense, but right down to the details of specific projects. In this sense a focus on the connections between liberal theory and the practice of the World Bank helps us to explain what the World Bank is doing. Second, the arguments presented here show the extent to which the construction of the liberal states and liberal politics more broadly, involves a great deal more than just reducing the scope and size of the state and making it more 'accountable'. It does involve these things, but alongside a series of other changes including the 'disciplinization' of the state itself, the generation of a host of governmental capabilities, and the engineering of society. And these in turn reflect the ambiguities and tensions within liberal thought and the idea that liberalism is itself a political project which has at its heart the sue of the state as an agent for the construction of a liberal order.

Finally, the analysis presented here has a number of implications for the understanding of democratic politics in Ghana and in African more generally. Two obvious points come to mind. First, the institutionalization of democratic politics is only one part of a broader agenda for reform of the state and the construction of liberal modes of politics. It is of course an important element of this (or at least is thought to be by western development agencies) and it is perhaps the most visible, but it is only one part, just as it was for the

development of the liberal state in the west. We should not let the stress on democracy blind us to the other more subtle ways in which western agencies are attempting to reconfigure politics. Second, democracy and the other elements of liberal politics this paper has discussed sit in a somewhat uneasy relationship. To put it briefly in order for democratic politics to make good on its promises the state needs to be constituted as a governmental entity with the capacity to enact reforms and pursue policies. On the other hand the processes of democratic politics potentially threaten the necessary autonomy and the carefully graduated mechanisms of accountability necessary for the liberal state. Democracy has often been part of liberal politics; but it has never been the only or even the most important element.

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