

General Introduction

Madagascar is one of the poorest countries in the world today, with gross domestic product (GDP) per capita of less than 400 dollars in 2016 and a colossal rate of monetary poverty (over 90% on the international poverty line). Yet nothing appears to have ever marked the country out for such a terrible fate. Far from it, in fact. Although the latest political crisis that started in early 2009 and found an electoral conclusion in late 2013 has played a role, it is a mere blip on the historical radar. Madagascar's long-term economic trajectory is a real mystery, which raises farther-reaching questions as to what is behind the divergent development processes observed in the world today. Not only has per capita GDP been trending downward since 1960, but also every time the country has set out on a growth path, it has been stopped in its tracks by a socio-political crisis that has shattered the hopes it raised.

This study sets out to find some answers to a mystery that seems to defy imitation elsewhere in the world. It proposes an interpretive framework for Madagascar's very long-term trajectory (spanning nearly three centuries) by tracing the defining elements that have structured the country's political economy. This involves an analysis of the economic phenomena taking into account the diversity of social players and their organisations, the nature of the accumulation regime(s)¹ and any internal contradictions they may have and the economic and social modes of regulation put in place in each period. The book throughout explores specific areas, testing the proposed framework to either confirm its relevance or identify its limitations and flaws.

¹ The expression is used here in the ordinary sense of the term. Although it might be construed as referring to the regulation school, this study does not take up its concepts (mode of regulation, accumulation regime or institutional forms).

The book builds on and aspires to improve on previous studies that have considered Madagascar's recurrent crises (including the authors' own). Among them is a series of special issues of scientific journals on these questions. In 1993, for example, *Politique Africaine* published an issue on the political transition and the accession of Forces Vives (Raison-Jourde, 1993). The journal gave a repeat performance in 2002 as the dust was barely settling on the new crisis (*Madagascar: The Ballot Box and the Street*; Raison-Jourde & Raison, 2002). *Afrique Contemporaine* in turn brought out its own double issue in 2002 entitled *Madagascar after the Storm: Ten Years of Political and Economic Transition* (Roubaud, 2002). This issue differed from the first two, focusing essentially on the political turn of events, with more in-depth analyses of the economic aspects of Madagascar's trajectory. Yet Madagascar subsequently dropped out of the picture, aside from a few sporadic articles. It was not until 2012 that a first co-authored book on the new crisis was published (*Madagascar, the 2009 Coup d'état*; Randrianja, 2012c). As its name suggests, the collection addresses essentially the events of the day, even though some of the authors ventured into a longer timeframe. More recently, *Afrique Contemporaine* published a new special issue in 2014, coordinated by this book's authors and entitled *Madagascar: Anatomy of a Crisis State* (Razafindrakoto *et al.*, 2014c). The issue updates the previous publications based on all the information available through to the end of 2014, thereby taking nearly a year's distance from the 'crisis exit' electoral process.

The main originality of this particular book, and the aforementioned special issue of *Afrique Contemporaine* – two closely linked, complementary editorial perspectives viewed through a common lens – is to shed light on how and why crises keep recurring in Madagascar. Whereas the authors of the special issue presented an on-the-spot focus on one crisis in particular (the most recent at the time of writing), this book covers all the crises in order to explore what makes them systemic.²

What appears self-evident today in the way of setting out the Malagasy equation is the result of a long gestation period covering more than two decades of work by the authors. Analysis of the two democratic changes of power and resumed growth in the second half of the 1990s initially led us to draw a relatively optimistic conclusion and consider the possibility of a Malagasy exception (Roubaud, 2000). The 2002 crisis caused us to revise

² *Afrique Contemporaine* published an article in 2010 that put the question in similar terms (Véron, 2010). Yet although it offered some interpretations of the Malagasy crises, it pointed to the need for further research, which is precisely what we have taken up here.

our judgement, which we worded in these terms in the introduction to the 2002 *Afrique Contemporaine* article: ‘Economic growth and political crisis: does Madagascar refuse to develop?’ (Roubaud, 2002). Yet aside from differing in their analyses of the course of events, these studies revolved around two pillars: an interconnection between political and economic cycles and the major role of governance in every sense of the word. The elements of the Malagasy equation were already in place: Madagascar’s divergent economic growth pattern with its few rare spurts of growth wiped out by popular protest in a phenomenon that we were, to our knowledge, the first to identify and which we called a ‘real iron law’ (Razafindrakoto & Roubaud, 2002a).

It was eventually the 2009 crisis, albeit disastrous for Madagascar, that brought the decisive element of support for our earlier conjecture. And it was a particularly conclusive demonstration in that the crisis caught many observers unawares, the vast majority of whom had been impressed by the momentum built by Marc Ravalomanana. This bolt from the blue had us reading back methodically over all the past crises to stabilise our definition of their characteristics. This definition is based on three elements: (1) Madagascar’s long-term downward spiral (the puzzle); (2) the increasingly short cyclicity of the crises; and (3) the association between economic growth and political crisis (the paradox). This is the complex (the mystery) that we proposed to study in 2010 in a French Agency for Development (AFD – *Agence Française de Développement*) research study entitled *Governance, Institutions and Long-Term Growth* covering a dozen developing countries and engaging as many teams of researchers.

This potted history of ideas is particularly interesting in that there is now more or less unanimous agreement that these are the terms of the Malagasy equation. It has even become institutionalised. Our Puzzle and our Paradox, illustrated by the divergence in per capita GDP between Madagascar and Africa and the correlation of economic cycles and political crises (Figures 1.1 and 1.2 of Chapter 1), open two recent official documents from the World Bank (2015: *Systematic Country Diagnostic*) and the International Monetary Fund (2015: *Article IV Consultation*), both designed to guide the two Bretton Woods institutions’ assistance policies in Madagascar. Yet this has not always been the case. The spread of this way of putting the equation is even very recent. It started appearing in World Bank documents at the beginning of the decade, even though the institution considered the reasons for economic decline (‘the puzzle’) mainly from a governance angle (Morisset, 2010). The idea was then taken up in a number of World Bank studies in Madagascar (2014 and 2015) and, more

interestingly, by various Malagasy initiatives funded by the World Bank (VANF, 2012; IEP and World Bank, 2014). This less economic lens is also more general, as shown by the new World Development Report 2017 on governance (World Bank, 2017). However, despite this broader reach, the two institutions continue to prefer more strictly economic approaches.³

This book has had to come to terms with some severe constraints. For example, as with most poor countries, available written sources are terribly patchy. Although there is a certain historical tradition of writing in (and on) Madagascar, it is more political and religious and merely skims economic issues. Moreover, none of the quantitative macroeconomic data (virtually non-existent before 1960 and incomplete thereafter) are entirely reliable, including the most recent data (Devarajan, 2013; Jerven, 2013). We have therefore had to bear these limitations in mind and take a modest approach to the ambitious task in hand (another paradox). In particular, some of our conclusions remain fragile and some may remain impossible to firmly corroborate owing to a lack of adequate retrospective data.

Not to end on a pessimistic note, this book takes two main innovative directions. First, it conducts a critical review of existing research, examined in the light of recent political economy theories, endeavouring to more consistently link up two fields of history – economic history and political and social history – which are often studied separately, in this country as in others. It then seeks to optimise the use of existing empirical resources on the social players, more specifically the people and the elites. There are two advantages to this original use of statistical surveys developed largely by the authors. Unlike aggregate data, these surveys are representative and reliable. Their data can be disaggregated for more in-depth analyses to get right down to the ‘flesh and blood’ players, who are ultimately the real agents acting unseen behind the concepts of institutions, organisations and

³ Although the World Bank (2014) report considers ‘breaking the cycle of recurrent crises’ to be one of the main challenges in Madagascar, the issue is addressed only by part of the report on macroeconomic policy and the proposed solutions are virtually all economic. Similarly, the IMF report (2015b) acknowledges that ‘Over the last fifty years, all heads of state (excluding the current president) have either gained or lost power in the context of an unconstitutional event. Uncertainties linked to political instability, weak institutions, and weak governance have eroded the foundation for solid economic growth, with short-term rent-seeking having taken precedence over longer-term nation building.’ Yet it does not go on to analyse how rents are extracted and the sets of players in the field. More broadly speaking, although a highly technical analysis of national taxation systems shows that their shortcomings in poor countries are partly due to low rates of taxation and massive tax breaks (Fenochietto & Pessino, 2013), at no moment in time is the question put as to why. In both cases, the analysis stops short at the doorway to political economy, despite the rich potential of this lens, as we propose to demonstrate in this book.

so on. In this, the surveys transcend the usual framework of inevitably approximate (and sometimes erroneous) stylised facts found in many political economy studies. They also bring the people back to the stage as full-fledged players when they are astonishingly absent from the analytic framework discussed here, which is centred exclusively on the role of the elites and fractions of the elites as the driving force of history. More generally speaking, we hope that the wealth of the empirical material in support of the theses developed in this book will demonstrate the validity of a long-run scientific approach. This book is the result of nearly a quarter of a century of investment in and on Madagascar, as much in terms of building institutional partnerships (primarily with the national statistics office, but also with other public administration bodies and the university and research centres) as in terms of deepening research focuses, including developing innovative statistical surveys; a good illustration of IRD's research *modus operandi*.

This book contains five chapters. The first presents the data on the Malagasy mystery and looks into its causes based on traditional and modern economic theories of long-term growth. This first sweep fails to provide satisfactory answers to our questions and even adds to the veil of mystery surrounding Madagascar's trajectory, in that most of the conditions found appear to be positive. This leads us to make a foray into political economy as a potential solution to the problem. The second chapter therefore dons political economy glasses to review Madagascar's economic and political history from precolonial times to the present day, using the analytic categories proposed by the discipline's most recent studies. More particularly, it draws on the theories developed by North and his co-authors (NWW, 2009, 2012b), Acemoglu and Robinson (2005, 2012) and Khan (2010) and applies the concepts they have fashioned (institutions, social orders, control of violence and rents, elite coalitions, etc.) to the Malagasy case. The following two chapters set out to piece together the previous chapter's information in order to build an explanatory framework as to how Madagascar works and its underlying institutional arrangements. The third chapter first of all discusses the country's key structural assets. The fourth chapter then identifies the main obstacles. The fifth and final chapter focuses on an overlooked, yet crucial player in the Malagasy tragedy in the form of the elites. The chapter draws on a survey of a representative sample conducted by this research programme – a first in this field – to present a detailed sociography of the elites, their reproduction strategies and their values.

This book is part of a broader editorial project. To use an analogy with *The Alexandria Quartet* – Lawrence Durrell’s tetralogy penned from 1957 to 1960 on different angles of love regarding the same set of events and people in Alexandria – we could call our project *The Red Island Quartet*, where the crises replace the love and Madagascar takes the place of Alexandria. In addition to the issue of *Afrique Contemporaine* published in 2014 (*Madagascar: Anatomy of a Crisis State*) and the original publication in French ((*L’énigme et le paradoxe: économie politique de Madagascar*; Razafindrakoto et al., 2017) which was a basis for this book, the project includes a co-authored book of comparative perspectives on the same theme published in 2018 (*Madagascar Crisis to Crisis: Breaks and Continuity*) and a final opus on the elites and the relationship between power and the people, a subject on which the last chapter of this book offers an introductory prelude.