

THE ROLE OF LEADERSHIP IN ECONOMIC DEVELOPMENT:
A COMPARATIVE STUDY OF KENYA AND TAIWAN BETWEEN
1970 AND 1990

This thesis has been submitted to the University of Nairobi in partial fulfillment
Of Requirements for Post Graduate Diploma of University of Nairobi,

International Relations

Institute of Diplomacy and International Studies

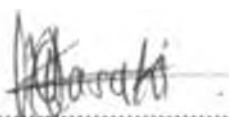
University of Nairobi.



DECLARATION

This thesis is my original work and has not been presented for a degree in any other university

.....
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.....

Date

SUPERVISOR

This thesis has been submitted with my approval as a University Supervisor

Sign



Date

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DEDICATION.

This work is dedicated to my late sister who passed away in 2009 may she rest in peace.

To my family members who have been supportive and pushed me to believe and achieve.

To the people of Kenya and Africa whose daily struggle to survive humbles me.

ACKNOWLEDGEMENTS

Many actors enabled me successfully accomplish this task; their invaluable support is very much appreciated. I wish to express my sincere thanks to my supervisor:-Ms Emma Oketch for her total support and guidance in every step that I made towards this noble goal of accomplishing my studies.

My heartfelt thanks go to Tash Muiruri a masters student at the School of Economics in Nairobi University for his invaluable ideas, assistance and encouragement in all my endeavours especially concerning research on Economic studies.

Special gratitude goes to the librarians of the Institute of Diplomacy and International studies school, Political Science Library and the University of Nairobi Library for allowing me to access and utilize all their resources.

It may not be possible to name every person who resourcefully contributed to the success of the task.

Thank you all

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CHAPTER THREE

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ABBREVIATIONS AND ACRONYMS

AFC :-Agricultural Finance Corporation

DPP:- Democratic Progressive Party

FDI :-Foreign Direct Investment

GDP :-Gross Domestic Product.

GEMA :-Gikuyu Embu Meru Association

GLOBE:- Global Leadership And Organisational Behavior Effectiveness Research Program

ICDC:- Industrial and Commercial Development Corporation

KANU:- Kenya African National Union

KADU :-Kenya African Democratic Union

KMT:- Kuomintang

LDCs:- Less Developed Countries

MNCs :-Multinational Corporations

NCIC :-National Cohesion and Intergration Committee

NDP:- National Democratic Party

PRC:- People's Republic of China

ROC :-Republic of China

TNCs :-Transnational Corporations

CHAPTER ONE: ROLE OF LEADERSHIP IN THE STATE.

Introduction

The problem of bad leadership is that it has not only crippled economic development but social progress and political autonomy in third world countries. Taiwan and Kenya are countries which have experienced a crisis of leadership but Taiwan has managed to escape the trap of poor leadership and attain a respectable position in the world today in terms of economic affairs. We seek to understand what ingredient if any made the difference between Kenya and Taiwan towards rebuilding countries ravaged by colonial occupation and a lack of an economic infrastructure. In general for a leader to lead effectively she or he must comprehend the nature of the society in which the leadership role is to be performed. Thus, in order to construct a society that advances democracy, development and human rights, for example, a ruler must be able to articulate such a vision with eloquence in "Churchillian, Reaganesque and Castroan" oratorical skill. In a manner of speaking a leader should possess an adequate idea as to how a society is to be effectively governed and have the eloquence to galvanize various competing parties to act. These are important and useful variables only to the extent at which the leader will work in a cooperative spirit with the immediate elite and followers.

This supposition is fundamentally significant because leadership cannot be demonstrated in a vacuum. Leaders' inability and sometimes deliberate attempt not to connect with followers at the grassroots has solidified the doctrine of "the iron law of oligarchy rule by a few members of a community or group. When referring to governments, the classical definition of oligarchy, as given for example by Aristotle, is of government by a few, usually ". This system at the top level of the state in developing nations has the tendency of having disastrous consequences for many citizens. Courage and political intuition imply that a leader may have to, from time to time, take or make decisions that work against corporate and elite interests in order to maximize the interest of the system as a whole. ¹ Therein lies the subject of study, that is whether leadership really can

¹Robert E. Lipset, *Political Leadership in Liberal Democracies* (New York: St. Martin's Press 1995), pp. 2-3.

positively influence the economic and social well being of the state

Problem Statement

Much has been written to contrast the sustained and rapid growth in the Southeast Asian economies over the last three decades with the stagnation in the economies of sub-Saharan Africa. It is important to note that wholesale transferability of assumptions and theories is not wise as Taiwan and Kenya are from very different political, social and economic backgrounds. Through this preliminary discussion of the research problem we shall see that Southeast Asia and Africa may be similar enough for there to be the potential to draw lessons from Southeast Asia for countries in Africa. In the 1960s Taiwan and Kenya were on the same level of economic development. Three decades later Taiwan has attained sustainable economic development with surplus in its national budget to invest in infrastructure, education, health systems and industrialisation. Kenya on the other hand is still shackled by the African debt crisis which through debt service payments are now claiming 30-40% of Africa's export earnings. What is role of leadership in all this? Political commitment and credibility, an efficient and non-corrupt bureaucracy; a degree of bureaucratic insulation from political pressures, a positive relationship between government / bureaucracy and the private sector are some of the variables in leadership which may directly influence the economic stability of a nation. Between 1970 and 1990 the role of leadership as a key factor in economic development played a part in the current position Taiwan and Kenya find themselves in. Is a democratic system of government necessary for the economic development? Some scholars argue it is and others not. Kenya is currently a multi-party democratic state but the levels of corruption between 1970 and 1990 is still the same now. Another variable of leadership which is very unique in Kenya is the inextricable relationship between social elite and the political class. These two groups have had a lot of influence on the bureaucrats and technocrats who are in charge of the formulation of economic policies .E.g. *Mount Kenya mafia* which was a

group of close friends to the late president Jomo Kenyatta have had a vice like grip on Kenya's economy through out the independence era. Taiwan a state ruled by the KMT party who lost the Chinese civil war to the communist party is similar to Kenya in many ways. Initially a single-party state, Taiwan evolved into a democratic state during the 1980s without widespread conflict which is similar to Kenya but later on in the 1990s. While Kenya had British colonial masters Taiwan had Japanese colonial masters the history of colonisation is yet another similarity. Leadership in Taiwan is scrutinized by the people of Taiwan where they hold mass demonstration in protest of corrupt leaders. Is this consciousness of the masses lacking in Kenyan people and has this led to tribal leadership where corruption and poverty is rife? This paper seeks to take a look at all these variables and link the role of leadership to economic development. These variables include mass consciousness ,style of leadership and the political nature of economics.

Objectives

1. To analyze economic growth in Taiwan and the lessons Kenya can learn from it.
2. To examine whether leadership style has an impact on economic development.
3. To analyse the role of public opinion, mass protest and consciousness on leadership

Justification

Academic Justification

Everyone has been writing about leadership, in fact, except the people you would expect to be most active in the field: scholars.

"If we look at the leading research universities and at the business schools within them, the topic of leadership has been actually given fairly short shrift," says Harvard Business School professor Rakesh Khurana.

Leadership is a topic that has been written by scholars but in terms of connecting it to economic development, the political aspect of leadership is rarely studied. Most of the scholars especially within the modern era have looked at leadership but most tend to look at this aspect from a business point of view rather than a political one. Below are some scholars and their work to give weight to my view that there is an academic gap in linking political leadership with economic development especially when we are looking at variables like mass consciousness and leadership: ¹Robert K. Greenleaf: Developer of the theory of servant leadership, Paul Hersey: Behavioural scientist and entrepreneur. ²Robert J. House: Principal Investigator of the Global Leadership And Organizational Behavior Effectiveness. John P. Kotter: the Kunosuke Matsushita Professor of Leadership, Emeritus, at Harvard Business School ³Craig I. Pearce: University of Nebraska - Lincoln ⁴Glenn D. Paige: Professor Emeritus of political science at the University of Hawai'i and Chair of the Governing Council of the Centre for Global Nonkilling. Barry Posner: Dean of the Leavey School of Business as well as a Professor of Leadership at Santa Clara University. ⁵George Reed: Faculty member in the Before joining the faculty in 2007 he served for

2Lectured at MIT, Harvard Business School, Dartmouth College and the University of Virginia. He founded the Center for Applied Ethics, which became The Greenleaf Center for Servant-Leadership.⁴ Ronald Heifetz: Co-founder of the Center for Public Leadership and King Hussein bin Talal Lecturer in *Public Leadership* at Harvard University's John F. Kennedy School of Government. He is known worldwide for his seminal work on the practice and teaching of leadership.

³ He was appointed the Joseph Frank Bernstein Professor Endowed Chair of Organization Studies at the Wharton School of the University of Pennsylvania in 1988. He has published 130 journal articles. In total, his articles have been reprinted in approximately 50 anthologies of readings in Management and Organizational Behavior

⁴ He is currently the holder of the Clifton Chair in Leadership at the University of Nebraska-Lincoln, the Director of the <http://leadership.unl.edu/> Institute for Innovative Leadership and the author of *Shared Leadership: Reframing the Hows and Whys of Leadership* (2003) with Jay A. Conger. His empirical work in the area of Shared Leadership has become the foundation to a new meta theory about how sharing leadership can affect organizational and team outcomes and performance

⁵ Author of *The Scientific Study of Political Leadership* (New York: The Free Press, 1977)

⁶ Recipient of the American Society for Public Administration Marshall Dimock Award for the best lead article in *Public Administration Review*, 2007

27 years as a military police officer including six as the Director of . Ronald Riggio: The Henry R. Kravis Professor of Leadership and Organizational Psychology and Director of the Kravis Leadership Institute at Claremont McKenna College. Joseph Rost: Was professor emeritus of leadership studies School of Leadership and Command and Leadership Studies at the U.S. Army War College. Georgia Sorenson: Georgia Sorenson, Ph.D., a pioneer in the field of leadership studies, founded the James MacGregor Burns Academy of Leadership at the University of Maryland in 1980. Ralph Stogdill: With the publication of his first article on leadership, "*Personal Factors Associated with Leadership: A Survey of the Literature*," Ralph Stogdill became a leader in leadership research. This influential and much reprinted 1948 paper marked a turning point in Ralph's career, but more importantly it marked a turning point in the study of leadership. ⁶Victor Vroom: Business school professor at the Yale School of Management. Margaret Wheatley: Writer and management consultant. Gary Yukl: Professor of the University of Albany, is leading writer on organizational leadership.

⁶Bruce Avolio: Was Clifton Chair in Leadership at the University of Nebraska-Lincoln.

¹⁰Bernard Bass: Was a distinguished professor emeritus in the School of Management at

⁷The James MacGregor Burns Academy of Leadership at the University of Maryland in founded in 1980. It was the first academic institution to focus on leadership scholarship and education for emergent leaders, women, minorities, and other underrepresented groups

⁸Vroom's primary research was on the expectancy theory of motivation, which attempts to explain why individuals choose to follow certain courses of action in organizations, particularly in decision-making and leadership. His most well-known books are *Work and Motivation*, *Leadership and Decision Making*, and *The New Leadership*. Vroom has also been a consultant to a number of corporations such as GE and American Express

⁹Currently the Executive Director of the Center for Leadership and Strategic Thinking at the University of Washington, Michael G. Foster School of Business, Marion B. Ingersoll Professor, and Professor of Management at the University of Washington.

¹⁰He was also the founding director of the Center for Leadership Studies at Binghamton and founding editor of *The*

Binghamton University (State University of New York) and a member of the Academy of Senior Professionals at Eckerd College in Florida. Warren Bennis: American scholar, organizational consultant and author, widely regarded as a pioneer of the contemporary field of Leadership Studies. Bennis is University Professor and Distinguished Professor of Business Administration and Founding Chairman of The Leadership Institute at the University of Southern California.

¹¹Jean Lipman-Blumen: Thornton F. Bradshaw Professor of Public Policy and Professor of Organizational Behavior at the Peter F. Drucker and Masatoshi Ito Graduate School of Management Claremont Graduate University. Stephen R. Covey: An international respected leadership authority, author of *Principle Centered Leadership*, *Seven Habits of Highly Effective People*, and *The 8th Habit*. Founder and vice chairman of FranklinCovey Company. James McGregor Burns: Presidential biographer, authority on leadership studies, Woodrow Wilson Professor (emeritus) of Political Science at Williams College, and scholar at the James McGregor Burns Academy of Leadership at the University of Maryland, College Park. He received a Pulitzer Prize and National Book Award in 1971 for his *Roosevelt: Soldier of Freedom 1940-1945*. Peter Drucker. Writer, management consultant, and self-described "social ecologist." Widely considered to be the father of "modern management," his 39 books and countless scholarly and popular articles explored how humans are organized across all sectors of society – in business, government and the non-profit world. The study of the effects of political leadership on economic development will be a very important tool especially for emerging countries in Africa and Asia.

Practical Justification.

Leadership Quarterly journal

¹² In addition to her professorial roles at Claremont Graduate University, Professor Lipman-Blumen is co-founding Director of the Institute for Advanced Studies in Leadership at the Drucker Ito Graduate School of Management. She is also Director of the Achieving Styles Institute, a Pasadena-based leadership and management consulting group.

From a policy point of view the degree in which responsible leadership affects the economy of a country is very apparent in Africa where corruption, tribalism and nepotism has the continents economic viability. But Africa is changing albeit slowly and leaders have to account for their deeds. This will help affirm that responsible governance indeed leads to economic stability and social progress. The comparative nature of this study hopes to also see what lessons African can learn from Asia's economic tigers in this case Taiwan and what policy changes can be made to ensure that least time possible is taken to drive Africa towards sustainable economic development.

LITERATURE REVIEW

The themes which are constant in this study are leadership, mass consciousness of the public and

LEADERSHIP

Under leadership dating back 500 years to the days of ¹²Niccolo Machiavelli, leadership behaviours have been widely discussed. Machiavelli's perspectives are well known, most notably such generalizations as "the ends justify the means" and the belief that unethical behaviour is acceptable, even necessary, if it helps attain goals or protect political position. Historically, philosophers have disagreed on Machiavelli's intentions but the most popular meaning applied to Machiavelli's writing derives from Elizabethan thought. Modern scholars have adopted this perspective of Machiavelli to examine and understand political dynamics in organizations. These include scholars like (Andersson & Bateman, ¹³Cheng, ¹⁴Harrell-Cook et al., ¹⁵ Harrison et al., ¹⁶; Hochwater et al. ¹⁷ Kumar & Beyerlein, ¹⁸; Shankar et al., ¹⁹; Vecchio & Sussmann, ²⁰) One key factor often neglected in discussion of Machiavellian beliefs is Machiavelli's conviction that leadership is a pursuit that serves the needs of the "common good" ²¹. Contemporary political scholar Michael Ledein clarifies the intentions of Machiavelli in his book *Machiavelli on Modern Leadership*, and enhances our understanding of Machiavelli when he states:

Even after half a millennium, Machiavelli's advice to leaders is as contemporary as tomorrow

¹²Machiavelli, N. (1902) *The Prince*. (W. K. Marriott, Trans.). New York: Alfred A. Knopf, Inc. (Original work published 1513).

¹³Andersson, L. M., & Bateman, T. S. "Individual Environmental Initiative: Championing Natural Environmental Issues in U. S. Business Organizations". *Academy of Management Journal*, 43(4), 2000 pp 548-570.

¹⁴Cheng, J. I. "Organizational Context and Lipiant Influence: An Experimental Study of the Use of Power Tactics Group and Organizational Studies", 8(3), 1983 pp 337-355.

¹⁵Harrell-Cook, G., Ferris, G. R., & Dulebohn, J. H. "Political Behaviors As Moderators of the Perceptions of Organizational Politics-Work Outcomes Relationships". *Journal of Organizational Behavior*, 20, 1999 pp 1093-1105.

¹⁶Harrison, A. W., Hochwater, W. A., Perrewe, P. L., & Ralston, D. A. "The Ingratiation Construct: An Assessment of the Validity of the Measure of Behaviors in Organizational Settings". *The Journal of Applied Psychology*, 83(6), 1998 pp 932-943.

¹⁷Hochwater, W. A., Pearson, A. W., Ferris, G. R., Perrewe, P. L., & Ralston, D. A. "A reexamination of Schriesheim and Hinkin's (1990) measure of upward influence". *Educational and Psychological Measurement*, 60(5), 2000 pp 755-771.

¹⁸Kumar, K., & Beyerlein, M., "Construction and validation of an instrument measuring ingratulatory behaviors in organizational settings". *Journal of Applied Psychology*, 76(5), 1991 pp 619-627.

¹⁹Shankar, A., Arstari, M., & Sasena, S. "Organizational Context and Ingratulatory Behavior in Organizations". *The Journal of Social Psychology*, 134(5), 1994 pp 641-647.

²⁰Vecchio, R. P., & Sussmann, M., "Choice of Influence Tactics: Individual and Organizational Determinants". *Journal of Organizational Behavior*, 12, 1991 pp 73-80.

²¹Ledein, M. *Machiavelli on Modern Leadership*. (New York: St. Martin's Press 1999)

He goes to the essence every time. He doesn't allow us the comfort of easy generalizations or soothing moralisms. He wants leaders to play for the highest stakes of all- the advancement of the human enterprise and the defense of the common good--and it infuriates him to see leaders of corporations, religions, armies and nations ignoring the basic rules of power.

Richard Christie developed the Mach IV while a fellow at the Center for Advanced Studies in the Behavioral Sciences. He and his colleagues became interested in those who occupied formal leadership positions and the authoritarian personality²². They came to realize that many in formal leadership positions were ineffectve in political tactics and inflexible in their behaviours. These leaders' extreme positions did not allow them to make compromises necessary for political success. Through in-depth literature reviews, Christie and his colleagues discovered that much of the research done on those wielding power over others was psychological in nature. In fact, much of the research focused on the psychopathology of such leaders. Because these leaders were in the limelight, it was a temptation to analyze them for psychological narcissism. Christie found fault in this line of research because, although these leaders may have led public lives that lent themselves to psychological analysis, he felt that those who exerted influence over others were more prone to psychopathology than those who did not. Christie and his colleagues developed a psychological construct, based on their readings, which defined the political leader. Four general characteristics emerged from their research: A relative lack of affect in interpersonal relationships (lack of empathy for others). A lack of concern with conventional morality (utilitarian rather than moral view)

A lack of gross psychopathology (instrumentalist rather than rational view of others)

Low ideological commitment (focus on task completion rather than long-range ideological goals)

After the personality characteristics were defined, Christie and his colleagues set out to qualitatively discover if individuals with these characteristics actually existed. Using the model outlined above, they interviewed peers about the people who were responsible for their training.

²²Adorno, T. W., Frenkel-Brunswick, E., Levinson, D. J., & Sanford, R. N. *The Authoritarian Personality*. New York: Harper, 1950

The qualitative interviews revealed findings consistent with the political behaviour construct. In order to further develop the political personality construct, Christie et al. began researching ancient and contemporary political writings. They examined Eysenck's²¹ *The Psychology of Politics* (1954), the biblical stories of Adam and Eve and Cain and Abel, *The Book of Lord Shang* (Kung-san Yang, circa 300 B.C.; Duyvendak, 1928), *Arthashastra*²² (Kautilya, circa 300 B.C.; Shamasastri, 1909), and finally, *The Prince*. Two themes emerged over and over again: first, human beings are basically weak and fallible; and, second, if people are so weak, a rational man should take advantage of the situation to maximize his own gains. Ultimately, Christie chose Machiavelli's *The Prince* as the core construct of political personality. Even though part of Machiavelli's perspectives are well known, most notably such generalizations as "the ends justify the means" and the belief that unethical behaviour is acceptable, one key factor often neglected in discussion of Machiavellian beliefs is Machiavelli's conviction that leadership is a pursuit that serves the needs of the "common good"²³ (Ledeen, 1999). I believe contemporary political scholar Michael Ledeen has a strong argument. But as seen by Richard Christie study the Mach IV a rational leader will take advantage of the situation to maximize his own gains. This goes a long way to explain the plunder that took place in Africa and Asia before and after colonisation but the European powers plundered to save their ever expanding industries. Thus were ultimately working in the good of their people. The gap I see here is deeper and lies in a level of ethnicity fuelled by tribalism and nepotism especially in Africa which never really grappled the concept of nationalism as European countries did. USA and Australia were pioneer colonies made of diverse cultures from all over Europe but they surpassed their ethnicity and built there nations. This was spurred by charismatic leaders like George Washington (during the war of liberation against the British) and Abraham Lincoln (during the American Civil War 1861-1865) who sacrificed a lot to create a great nation. Is it time for African leaders Asian leaders, Kenyan leaders to lose their ethnic image for the process of nation building

21 Eysenck, H. J. (1954) *The Psychology of Politics* (London: Routledge & Kegan Paul, 1954)

22 Kautilya's *Arthashastra* (Shamasastri, R., Trans.). Mysore: Wesleyan Mission Press. (Original work published circa 300 B.C., 1909)

23 Ledeen, M. *Machiavelli on Modern Leadership*. (New York: St. Martin's Press 1999)

to prosper? Machiavelli's rule works in an international point of view but what about a leader of a diverse ethnic nation, what does taking advantage of the other groups really gain him? Or does it give him a crown of thorns in the guise of a crumbling nation ripped apart by ethnic conflict?

MASS CONSCIOUSNESS OF THE PUBLIC.

No scholar ever put it more eloquently than Karl Marx on mass consciousness of the public. His ideas played a significant role in the development of modern communism and socialism. Marx summarized his approach in the first line of chapter one of *The Communist Manifesto*, published in 1848: "The history of all hitherto existing society is the history of class struggles."

Marx argued that capitalism, like previous socioeconomic systems, would inevitably produce internal tensions which would lead to its destruction.²⁶ Just as capitalism replaced feudalism, he believed socialism would, in its turn, replace capitalism, and lead to a stateless, classless society called pure communism. This would emerge after a transitional period called the "dictatorship of the proletariat": a period sometimes referred to as the "workers state" or "workers' democracy".

Many people have developed on Karl Marx theory's for example Immanuel Wallerstein²⁷ (world system theory) and Antonio Gramsci²⁸. But the possibility of a stateless, classless society does not seem feasible as through history man has been accustomed to the tradition of leadership. But Karl Marx did argue a very important point when he said "the history of all hitherto existing society is the history of class struggles" in the first line of chapter one of *The Communist Manifesto*. Mass consciousness in Karl Marx's work comes about when he on the main axis of conflict in a capitalistic society between the exploitative bourgeoisie (the capitalist) and the proletariat (the workers). In Marx's opinion the workers will revolt.

²⁶Bard, Forrest E.; Walter Kaufmann. *From Plato to Derrida*. (Upper Saddle River, New Jersey: Pearson Prentice Hall, 2002)

²⁷Bard, Forrest E.; Walter Kaufmann () *From Plato to Derrida* Upper Saddle River, New Jersey: Pearson Prentice Hall, 2002

²⁸ an Italian philosopher, writer, politician and political theorist. A founding member and onetime leader of the Communist Party of Italy, he was imprisoned by Benito Mussolini's Fascist regime. His writings mostly deal with the analysis of culture and political leadership. He is notable as a highly original thinker within the Marxist tradition. He is renowned for his concept of cultural hegemony as a means of maintaining the state in a capitalist society, and is also widely regarded as an influential thinker in philosophy.

David Emile Durkheim another scholar considered who like Karl Marx is considered an architect of modern social science for him; sociology was the science of institutions, its aim being to discover structural "social facts":

"A social fact is every way of acting, fixed or not, capable of exercising on the individual an external constraint, or again, every way of acting which is general throughout a given society, while at the same time existing in its own right independent of its individual manifestations"

Durkheim's work revolved around the study of social facts, a term he coined to describe phenomena that have an existence in and of themselves and are not bound to the actions of individuals. Durkheim argued that social facts have, *Sui generis*, an independent existence greater and more objective than the actions of the individuals that compose society. Being exterior to the individual person, social facts may thus also exercise coercive power on the various people composing society, as it can sometimes be observed in the case of formal laws and regulations, but also in phenomena such as church practices or family norms.²⁹ Unlike the facts studied in natural sciences, a "social" fact thus refers to a specific category of phenomena: it consists of ways of acting, thinking, feeling, external to the individual and endowed with a power of coercion, by reason of which they control him. According to Durkheim, these phenomena cannot be reduced to biological or psychological grounds.³⁰

Hence even the most "individualistic" or "subjective" phenomena, such as suicide, would be regarded by Durkheim as an objective social facts. Individuals composing society do not directly cause suicide: suicide, as a social fact, exists independently in society, whether an individual person wants it or not. Whether a person "leaves" a society does not change anything to the *fact* that this society will *still* contain suicides. Sociology's task thus consists of discovering the qualities and characteristics of such social facts, which can be discovered through a quantitative or

²⁹Durkheim, Émile "The Rules of Sociological Method" 8th edition, trans Sarah A. Solovay and John M. Mueller, ed. George L. S. Collier (1978, 1964 edition), 1895 pp. 13.

³⁰Marx, Michael and Lee C. McIntyre *Readings in the Philosophy of Social Science* (Boston: MII press 1994)

³¹Marx, Michael and Lee C. McIntyre *Readings in the Philosophy of Social Science*. (Boston: MII press 1994)

experimental approach (Durkheim extensively relied on statistics).³² Durkheim study was based on mostly statistics but in regard to his theory of social fact existing independently from society the gap to that is mass consciousness. If we look at leadership as a social fact where since the beginning of recorded history people have had rulers. But can leadership really be a social fact independent from society where the same society influences it. During the French revolution when the French Monarchy was overthrown the people chose democracy whereas the English chose to retain their monarchy and also incorporate democratic form of leadership in the house of commons. People will be governed under law whether they like it or not but leadership is not independent from the masses but rather dependent on the mood of the masses.

The concept of rationalisation by suggesting the inevitability of a move in this direction.

'every shortcoming in historical duty increases the necessary disorder and prepares more serious catastrophes.'³³ — Antonio Gramsci.

³²An important element in the strength of a party or a class is the conception which the party or the class has of the relationship of forces in the country.'³⁴ Leon Trotsky, 1931.

Gramsci, brilliant intellectual and founder of the Italian Communist Party, and Trotsky, towering example of revolutionary leadership in theory and in practice, had good reason to write the words cited above. Trotsky, exiled by the Stalinist bureaucracy, was urging a policy of United Front on the Communist Party of Germany as the only defence against the danger of Nazism. Gramsci, after the defeat of the Workers' Councils movement in Italy, in which he himself was so prominent, found himself in Mussolini's jail. Eventually Trotsky met his death, 20 years ago, at the hands of Stalin's agents; Gramsci's health was destroyed in prison and he died a young man, a few days after his release in 1937. These two men, are considered the most original Marxist thinkers since Lenin. In this paragraph I have drawn heavily upon Gramsci, *The Modern Prince* and to a lesser

³² Van Poppel, Frans, and Lincoln H. Day "A Test of Durkheim's Theory of Suicide--Without Committing the Ecological Fallacy". *American Sociological Review*, Vol 61, No 3 (Jun , 1996), p. 500

³³Habermas, Jürgen. *The Philosophical Discourse of Modernity*, Polity Press (1985)

³⁴ Leon Trotsky *to Build Communist Parties and an International Anew*, 15 July 1931

extent on Lukacs³⁵.

Gramsci says "that political ideas and movements reflect the economic base we should remember that such reflection is a series of conscious acts. Men's consciousness is formed in an environment of social institutions controlled by the ruling class, institutions of repression and institutions for educational conditioning, staffed by people trained to operate these institutions as though they were part of a naturally or divinely ordained system. The majority of labour's own organizations have become tied to this structure of established institutions, and are staffed by the 'labour lieutenants of capitalism'. The proletariat's consciousness of its role has to be achieved in struggle against all these institutional forms and their ideological results. Without the highest degree of centralized organization, these ideological battles cannot be won. The crisis of imperialism, which is expressed in the colonial struggle, the arms race and atomic war as well as in the tendency towards slump, constantly produces cultural decay and breakdown. What is needed *above all* is a strongly disciplined leadership able to develop the theory of Imperialism, the Permanent Revolution, the relation between the Workers' States and the world revolution, and to establish its leadership of the working class. Unless this crisis of leadership is solved there will be no 'natural' growth towards Socialism but there will be all the danger of war and barbarism. In this vital sense those who protest against 'vanguardism', against 'too much centralization', represent a reactionary tendency in the working-class movement."

Antonio Gramsci in the above statement realises that even in a communist set up the institutions that govern the people eventually is subject to create to the consciousness of the people. That poor leadership cannot escape the masses but rather that the failure of communist state was lack of strong and disciplined leadership. Eventually the capitalists won the cold war but Gramsci stated a very important point

³⁵ Georg Lukács/György Lukács (April 13, 1885 – June 4, 1971) was a Hungarian Marxist philosopher and literary critic in the tradition of Western Marxism. His main work *History and Class Consciousness* (written between 1919 and 1922 and first published in 1923), initiated the current of thought that came to be known as Western Marxism. The book is notable for contributing to debates concerning Marxism and its relation to ~~social~~ politics and philosophy, and for reconceptualising Marx's theory of alienation before many of the works of the Young Marx had been published. Lukács's work interprets and expands upon Marxist theories such as ideology, false consciousness, reification and class consciousness.

'Every shortcoming in historical duty increases the necessary disorder and prepares more serious catastrophes.' With triumph of capitalism more and more people are subject to a system fuelled by profit making and the role of the government especially in providing social welfare is becoming more and more restricted.

THE POLITICAL NATURE OF ECONOMICS.

While economic liberalism favours markets unfettered by the government, it maintains that the state has a legitimate role in providing public goods. For instance, Adam Smith³⁶ argued that the state has a role in providing roads, canals, schools and bridges that cannot be efficiently implemented by private entities. However, he preferred that these goods should be paid proportionally to their consumption (e.g. putting a toll). In addition, he advocated retaliatory tariffs to bring about free trade, and copyrights and patents to encourage innovation.

In conjunction with his criticism of capitalism was Marx's belief that exploited labour would be the driving force behind a revolution to a socialist-style economy. For Marx, this cycle of the extraction of the surplus value by the owners of capital or the bourgeoisie becomes the basis of class struggle. This argument is intertwined with Marx's version of the labor theory of value asserting that labor is the source of all value, and thus of profit

Role of government :

In a capitalist system, the government does not prohibit private property or prevent individuals from working where they please. The government does not prevent firms from determining what wages they will pay and what prices they will charge for their products. Many countries, however, have minimum wage laws and minimum safety standards.

³⁶ Samuel A. Johnson "A Modern Theorist's Vindication of Adam Smith." *American Economic Review*.
³⁷ Clark, B. *Political-economy A comparative approach*, 2nd ed., (Westport, CT: Praeger 1978).

Under some versions of capitalism, the government carries out a number of economic functions, such as issuing money, supervising public utilities and enforcing private contracts. Many countries have competition laws that prohibit monopolies and cartels from forming. Despite anti-monopoly laws, large corporations can form near-monopolies in some industries. Such firms can temporarily drop prices and accept losses to prevent competition from entering the market, and then raise them again once the threat of entry is reduced. In many countries, public utilities (e.g. electricity, heating fuel, and communications) are able to operate as a monopoly under government regulation, due to high economies of scale.

Government agencies regulate the standards of service in many industries, such as airlines and broadcasting, as well as financing a wide range of programs. In addition, the government regulates the flow of capital and uses financial tools such as the interest rate to control factors such as inflation and unemployment.

Economic growth: World's GDP per capita shows exponential acceleration since the beginning of the Industrial Revolution.

Many theorists and policymakers in predominantly capitalist nations have emphasized capitalism's ability to promote economic growth, as measured by Gross Domestic Product

(GDP), capacity utilization or standard of living. This argument was central, for example, to Adam Smith's advocacy of letting a free market control production and price, and allocate resources.

Many theorists have noted that this increase in global GDP over time coincides with the emergence of the modern world capitalist system.

Proponents argue that increasing GDP (per capita) is empirically shown to bring about improved standards of living, such as better availability of food, housing, clothing, and health care. The decrease in the number of hours worked per week and the decreased participation of children and the elderly in the workforce have been attributed to capitalism.

³⁸Marshall, Alfred; Marshall, Mary Paley (1879). *The Economics of Industry*.

Proponents also believe that a capitalist economy offers far more opportunities for individuals to raise their income through new professions or business ventures than do other economic forms. To their thinking, this potential is much greater than in either traditional feudal or tribal societies or in socialist societies. Political freedom:

"Milton Friedman argued that the economic freedom of competitive capitalism is a requisite of political freedom. Friedman argued that centralized control of economic activity is always accompanied by political repression. In his view, transactions in a market economy are voluntary, and the wide diversity that voluntary activity permits is a fundamental threat to repressive political leaders and greatly diminishes power to coerce. Friedman's view was also shared by Friedrich Hayek and " John Maynard Keynes, both of whom believed that capitalism is vital for freedom to survive and thrive.

Kenya and Taiwan

Under this section of the literature review I would like to focus on the scholars who have written extensively on the politics and economy of Taiwan and Kenya .

Taiwan

Scholars who study East Asian countries are usually interested in the rise of the economic power of countries from this region and Taiwan is not an exception. East Asian countries have adopted

1991, 2000, Milton Friedman *Capitalism and Freedom* (University of Chicago Press 1953) Chapter preview links
40 John Maynard Keynes *Laissez-Faire and Communism* (City, Publisher 1926)

remarkably good policies to ensure sustained economic growth, but how did they come to adopt such policies in the first place? Henry S. Rowen in his book⁴¹ produces a thorough explanation than has previously been advanced drawing on several disciplines including contributions from anthropologists, economists, political scientists, technologists, demographers, historians and psychologists. Several contributors have held high positions in Asian governments. Four broad themes are identified: effective governance, achieving and learning societies, growth with equity and external influences. This is the most comprehensive account of the foundations of East Asia's rise. Its distinctiveness lies in the range of comparisons across the countries of East and South-East Asia and in the wide array of contributing disciplines.

Thomas B Gold is another scholar whose book has extensively looked at the role of the government and in this case the political party KMT in laying the foundations of economic development. In clear, easy to understand language, Gold records the various stages of Taiwan's economic development from the perspective of the political, social, and cultural trends present at each important turning point. As a result, the reader sees how all these non-economic factors shaped Taiwan's development. Also he looks at the theory of interdependence⁴². The relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development. Other scholars T. J. Pempel⁴³ and Stephan Haggard⁴⁴ look at the economic crisis which came after the economic boom. They link the politics involved in that led to this crisis. In the summer of 1997

⁴¹ *Behind East Asian growth: the political and social foundations of prosperity*, Henry S Rowen

⁴² Alexander Porter, "From Dependency to Redemocratization: New Themes in Latin American sociology 11 (September 1984): pp546-549, Barrett Richard F., and Martin King Whyte 1982 "Dependency Theory and Taiwan: Analysis of a Deviant Case" *American Journal of Sociology* 87, 5 (March):1064-

⁴³ T. J. Pempel, *The politics of the Asian economic crisis* Cornell University Press, 1999

⁴⁴ Stephan Haggard *The political economy of the Asian financial crisis*. Peterson Institute, 2000

currencies plummeted, banks failed, GNP stagnated, unemployment soared, and exports stalled. In short, the vaunted "Asian Economic Miracle" became the "Asian Economic Crisis" -- with serious repercussions for nations and markets around the world. Their books give a deeper understanding of the Asian crisis. Much has been written on the economic side, but both Pempel and Haggard assemble an analysis to explain political differentiation among the countries affected by the Asian economic crisis which is relevant to my study as it is looking at the effect politics has on economic development

Kenya

On Kenya scholars have also focused on the issue of politics and economic development but there is also a theme which keeps recurring as I check on the works of these scholars and that is Ethnicity. Michael G Schatzberg in his book⁴⁵ stresses the interdependence of politics and economics in determining political outcomes and examines the Kenyan political system in that light. Chapters discuss such topics as Kenyan agriculture, urbanization and spatial planning, public enterprises, public policy and reform, and specific case studies on labor and social issues

Another scholar Stephanie Hanson in her book⁴⁶ looks at Political and Economic Tensions from an ethnic point of view. According to her news reports were quick to label the violence that followed December 2007 presidential elections as tribal, but some experts said this was gross oversimplification. Contrary to prevailing attitudes, Kenyans have not traditionally identified themselves by ethnic group and studies have shown they do not have significant feelings of ethnic injustice. In a 2003 Afrobarometer survey, 70 percent said they would choose to be Kenyan if faced with a choice between a national identity and their ethnic group (28 percent refused to identify themselves as anything but Kenyan). Analysts say much of the unrest that erupted after the December 2007 polls was just the latest display of politically organized violence. Political

⁴⁵ MICHAEL G. SCHATZBERG, *The Political Economy of Kenya* Praeger Publishers (November 17, 1987)

⁴⁶ Stephanie Hanson *Understanding Kenya's Politics* Background August 6, 2009

coalitions on both sides hired thugs to do their bidding, and ordinary Kenyans were caught in the cross fire, they say.

Though much of Kenya's ethnic violence can be attributed to political manipulation, there are economic inequalities between some ethnic groups, and long-standing bitter disputes over land, particularly in the Rift Valley. According to the 2007/2008 UN Human Development Index, Kenya ranks 148 of 177 countries on income inequality. Many Kenyans believe the Kikuyu have accrued a disproportionate percentage of the benefits of Kenya's recent economic growth. The head of the Nairobi Stock exchange, the Central Bank of Kenya, and Kenya Electric Generating Company, the region's largest power generator, are all Kikuyu (Bloomberg). These are "economic issues that get reflected through ethnic institutions," says Professor Calestous Juma.¹⁸

Professor Calestous Juma also examines the importance of constitutional reforms in Kenya which can effectively lessen the hold politics has on the economy. There is broad consensus within and outside Kenya that the country needs constitutional reforms that strengthen local government and rectify regional resource imbalances. There has been a push for such reforms since 1991, and some experts say the current political stalemate offers an opportunity to catalyze action. "If we don't create a new constitutional order, we will have even a bigger crisis in the future," says Juma.¹⁸ Others think there is a short-term opportunity for incremental reforms, including establishing an independent electoral commission and eliminating the president's power to dissolve parliament. These could be combined with an agreement on basic constitutional principles, says Barkan.¹⁹

¹⁸ He is Professor of the Practice of International Development and Director of the Science, Technology and Globalization Project at Harvard University's Kennedy School of Government. He was Visiting Professor at the National Institute of Advanced Studies in Yokohama, Japan.

¹⁹ Professor Calestous Juma (with J.B. Ojwang). *In Land We Trust: Environment, Private Property and Constitutional Change*. IAI Books, London and Initiatives Publishers, Nairobi.

²⁰ *Kenya: A Year*. By Joel D. Barkan. Foreign Affairs Article January/February 2004.

There is evidence that political patronage in Kenya's public spending has increased economic and regional inequalities. Most interested parties, save for the president and his advisers, agree that power should be shifted from the executive branch to strengthen the judiciary and parliament. But experts disagree on how to achieve that shift, and what other elements are necessary for effective constitutional reform. Some, including the opposition party led by Raila Odinga, argued for a system of governance with a federalist character, somewhat like Nigeria. Others recommended a system of subsidiarity, in which decisions are made at the provincial level and coordinated with the central government. Professor Juma cautions that if power is decentralized, local capacity must be built up, "If you decentralize administration but not competence, these regions will continue to be poor," he says. He believes that constitutional reforms should be preceded by a long-term economic growth plan for the country. Kenyans see democracy and economic growth as inextricably linked. Their main aspiration for democracy, according to Afrobarometer,⁵¹ is that it will create more equitable distribution of economic opportunity). For Kenya's economy to take off, it must distribute power among ethnic groups. "Kenya could be a shining example," says Barkan⁵¹. "But it could unravel further politically and the economy could become moribund." Juma believes for regional imbalances to be addressed, the country needs to upgrade its infrastructure. He suggests that a large-scale government employment scheme, structured like the New Deal in the 1930s United States⁵², could employ youth to do this.

⁵⁰ The Afrobarometer is a research project that measures public attitudes on economic, political, and social matters in sub-Saharan Africa. It is carried out through a partnership of the Institute for Democracy in South Africa (IDASA), the Ghana Center for Democratic Development (CDD-Ghana), and the Department of Political Science at Michigan State University.

⁵¹ POLITICS AND PUBLIC POLICY IN KENYA AND TANZANIA, edited by Joel D. Barkan (© 1984, ISBN 0-03-061358-2, ISBN 0-03-061357-4 paperback).

⁵² The New Deal was a series of economic programs passed by the U.S. Congress during the first term of Franklin D. Roosevelt, 32nd President of the United States, from 1933 to 1938. The programs were responses to the Great Depression and focused on what historians call the "3 Rs": relief, recovery and reform. That is, relief for the unemployed and poor, recovery of the economy to normal levels, and reform of the financial system to prevent a repeat depression.

THEORETICAL FRAMEWORK.

As my theory I have chosen to look at the Marxist theory of Base and superstructure. The base and superstructure metaphor explains that the totality of social relations regarding "the social production of their existence" i.e. civil society forms a society's economic *base*, from which rises a *superstructure* of political and legal institutions i.e. political society. The base corresponds to the social consciousness (politics, religion, philosophy, etc.), and it conditions the superstructure and the social consciousness. A conflict between the development of material productive forces and the relations of production provokes social revolutions, thus, the resultant changes to the economic base will lead to the transformation of the superstructure.³³ This relationship is reflexive; the base determines the superstructure, in the first instance, and remains the foundation of a form of social organization which then can act again upon both parts of the base and superstructure, whose relationship is dialectical, not literal. In Marxist theory, human society consists of two economic parts: the Base and the Superstructure; the base comprehends the relations of production — employer-employee work conditions, the technical division of labour, and property relations — into which people enter to produce the necessities and amenities of life. These relations *fundamentally* determine society's other relationships and ideas, constituting the superstructure; thus, the base *determines* (conditions) the superstructure, yet, their relation is *not* strictly causal, because the superstructure often influences the base; however the influence of the base predominates.

In *Studying Popular Music* (1990), the musicologist Richard Middleton says that per Antonio Gramsci's cultural hegemony theory the political superstructure is related to, yet not determined by, the elements that the economic base comprehends in its articulation; despite ready simplification, Marx's base determines superstructure axiom requires qualification: the base is the whole of productive relationships, not only a given economic element, e.g. the working class; historically, the superstructure varies and develops

³³See A (1859) *Introduction to the Critique of Political Economy* (1859), (Preface, Progress Publishers, Moscow, 1977,) with some notes by R. Kautsky and Engels: Anti-Dühring (1877), Introduction General

unevenly in society's different activities, i.e. Art, politics, economics, etc.; the base–superstructure relationship is *reciprocal*, per⁵⁴ Engels: Base determines superstructure only in the last instance.

Contemporary Marxist interpretation criticises said base–superstructure interaction theories, especially Raymond Williams's arguments against loose, "popular" usages of *base* and *superstructure* as discrete entities, which are not the intention of Marx and Engels, to wit: "So, we have to say that when we talk of 'the base', we are talking of a process and not a state [. . .] We have to revalue 'superstructure' towards a related range of cultural practices, and away from a reflected, reproduced, or specifically-dependent content. And, crucially, we have to revalue 'the base' away from [the] notion[s] of [either] a fixed economic or [a] technological abstraction, and towards the specific activities of men in real, social and economic relationships, containing fundamental contradictions and variations, and, therefore, always in a state of dynamic process"⁵⁵

In developing⁵⁶ Alexis de Tocqueville's observations, Marx identifies the civil society as the economic base and the political society as the political superstructure; to wit critical theory and like writings concern how each affects and conditions the other.⁵⁷

Cultural hegemony is the philosophic and sociological concept, originated by the Marxist philosopher Antonio Gramsci, that a culturally-diverse society can be ruled or dominated by one of its social classes. It is the dominance of one social group over another, e.g. the ruling class over all other classes. The theory claims that the ideas of the ruling class come to be seen as the norm; they are seen as universal ideologies, perceived to benefit everyone whilst only really benefiting the

⁵⁴ Friedrich Engels (28 November 1820 – 5 August 1895) was a German social scientist, author, political theorist, philosopher, and father of communist theory, alongside Karl Marx. Together they produced *The Communist Manifesto* in 1848. Engels also edited the second and third volumes of *Das Kapital* after Marx's death.

⁵⁵ Raymond Williams, "Base and Superstructure in Marxist Cultural Theory", *New Left Review* (82) Nov, Dec 1973

⁵⁶ Alexis Charles Henri Clérel de Tocqueville (29 July 1805, Paris – 16 April 1859, Cannes) was a French political thinker and historian best known for his *Democracy in America* (appearing in two volumes: 1835 and 1840) and *The Old Regime and the Revolution* (1856). In both of these works, he explored the effects of the rising equality of social conditions on the individual and the state in western societies. *Democracy in America* (1835)

⁵⁷ Paul Zolner, "Tocqueville on Civilian Society: A Romantic Vision of the Dichotomic Structure of Social Reality", *Archiv für Begriffsgeschichte*, Felix Meiner Verlag, vol. 50, (2008)

ruling class

Hegemony was a concept previously used by Marxists such as Vladimir Ilyich Lenin to indicate the political leadership of the working-class in a democratic revolution, but developed by Gramsci into an acute analysis to explain why the 'inevitable' socialist revolution predicted by orthodox Marxism had not occurred by the early 20th century. Capitalism, it seemed, was even more entrenched than ever. Capitalism, Gramsci suggested, maintained control not just through violence and political and economic coercion, but also ideologically, through a hegemonic culture in which the values of the bourgeoisie became the 'common sense' values of all. Thus a consensus culture developed in which people in the working-class identified their own good with the good of the bourgeoisie, and helped to maintain the *status quo* rather than revolting.

The working class needed to develop a culture of its own, which would overthrow the notion that bourgeois values represented 'natural' or 'normal' values for society, and would attract the oppressed and intellectual classes to the cause of the proletariat. Lenin held that culture was 'ancillary' to political objectives but for Gramsci it was fundamental to the attainment of power that cultural hegemony be achieved first. In Gramsci's view, any class that wishes to dominate in modern conditions has to move beyond its own narrow 'economic-corporate' interests, to exert intellectual and moral leadership, and to make alliances and compromises with a variety of forces. Gramsci calls this union of social forces a 'historic bloc', taking a term from Sorel¹⁴. This bloc forms the basis of consent to a certain social order, which produces and re-produces the hegemony of the dominant class through a nexus of institutions, social relations and ideas. In this manner, Gramsci developed a theory that emphasized the importance of the superstructure in both maintaining and fracturing relations of the base. The Marxist theory of base and superstructure is a suitable theoretical framework for my study on the role of leadership in economic development. Many times in Kenya the role of leaders especially ethnic leaders has played a key role in the

¹⁴ Georges Eugène Sorel (2 November 1847 in Cherbourg - 29 August 1922 in Boulogne-sur-Seine) was a French philosopher and theorist of revolutionary syndicalism. His notion of the power of myth in people's lives inspired Mussolini and fascists. It is, together with his defense of violence, the contribution for which he is most often remembered.

development of the economy. Due to corruption and nepotism public funds have been plundered at will. Gramsci suggested, maintained control not just through violence and political and economic coercion, but also ideologically, through a hegemonic culture in which the values of the bourgeoisie became the 'common sense' values of all. Thus a consensus culture developed in which people in the working-class identified their own good with the good of the bourgeoisie, and helped to maintain the *status quo* rather than revolting. This is very much the case in Kenya where people blindly follow their corrupt ethnic leaders believing only their ethnic leader can help improve their social and economic well being. This belief is widespread across the countries that corrupt leaders have managed to disunite Kenyans from pursuing unified goals while the leaders themselves are voted in to power and continue to increase their salaries and allowances on top of corrupt deals for example ³⁴Goldenberg, ³⁵Anglo-leasing and many more scandals. While in Taiwan the ethnic factor is not a big issue the main struggle is autonomy from mainland China. Taiwan has a solid economic base which can on a fair basis compare to China. On the superstructure level China is trying to win over the Taiwanese people with the use of political manoeuvres to ensure it is never recognised as a sovereign state. The Taiwanese people are thus struggling on the issue of joining the Great Chinese nation or forging ahead alone. But this issue is not as divisive in politics as it is in Kenya because what the Taiwanese Government has done is to ensure that the economic base is strong and thus the weak effects of the political superstructure are barely felt. In Kenya the weak economic base is very easily influenced by the political superstructure where politicians have managed to maintain a healthy relationship with the economic, social, military and educational

³⁴ The Goldenberg scandal was a political scandal where the Kenyan government was found to have subsidised exports of gold far beyond standard arrangements during the 1990s, by paying the company Goldenberg International 35% more (in Kenyan shillings) than their foreign currency earnings. Although it nominally appears that the scheme was intended to earn hard currency for the country, it is estimated to have cost Kenya the equivalent of more than 10% of the country's annual Gross Domestic Product and it is possible that no or minimal amounts of gold were actually exported. The scandal appears to have involved political corruption at the highest levels of the government of Daniel Arap Moi. Officials in the current government of Mwai Kibaki have also been implicated.

³⁵ The scandal is alleged to have started when the Kenyan government wanted to replace its passport printing system, in the year 2002. Sophisticated passport equipment system was sourced from France and forensic science laboratories for the police were sourced from Britain. The transaction was originally quoted at 6 million euros from a French firm, but was awarded to a British firm, Anglo Leasing Finance, at 10 million euros, who would have subcontracted the same French firm to do the work. The tender was not publicly advertised and its details were leaked to the media by a junior civil servant.

elite thus leaving the masses in the grasp of their hands. Marx identifies the civil society as the economic base and the political society as the political superstructure; to wit critical theory and like writings concern how each affects and conditions the other. The civil and political society in Kenya has a very thin line which separates the two which is vice-versa in Taiwan.

In Marxist theory, human society consists of two economic parts: the Base and the Superstructure; the base comprehends the relations of production — employer-employee work conditions, the technical division of labour, and property relations — into which people enter to produce the necessities and amenities of life. These relations *fundamentally* determine society's other relationships and ideas, constituting the superstructure: thus, the base *determines* (conditions) the superstructure. yet, their relation is *not* strictly causal, because the superstructure often influences the base; however the influence of the base predominates. My study seeks to clarify to what extent the political superstructure can influence the economic base and if a strong, fair economic base lead to good governance in this case a political superstructure which has minimal effects on the economic base and if there is will it be positive or negative effects.

HYPOTHESES

1. Poor leadership style leads to stunted development
2. Mass consciousness due poor economic growth eventually leads political change
3. There is no relationship between leadership and economic development.

OPERATIONALIZATION OF TERMS.

Leadership: has been described as the "process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task. In this study we shall focus on the political leadership. A person active in party politics is often the definition of a political leader and that is what we will be referring to as leadership.

Economic development: Is the increase in the amount of people in a nation's population with sustained growth from a simple, low-income economy to a modern, high-income economy. Its scope includes the process and policies by which a nation improves the economic, political, and social well-being of its people. refers to social and technological progress. It implies a change in the way goods and services are produced, not merely an increase in production achieved using the old methods of production on a wider scale. Economic growth implies only an increase in quantitative output; it may or may not involve development. Economic development typically involves improvements in a variety of indicators such as literacy rates, life expectancy, and poverty rates. GDP does not take into account other aspects such as leisure time, environmental quality, freedom, or social justice; alternative measures of economic wellbeing have been proposed .

A country's economic development is related to its human development, which encompasses, among other things, health and education

Stunted growth is a reduced growth rate in human development. It is a primary manifestation of malnutrition in early childhood, including malnutrition during fetal development brought on by the malnourished mother. The reduced or stagnant growth rate economically especially in African economies is what we will be referring to.

Mass consciousness: is variously defined as *subjective experience, awareness, the ability to experience*

"feeling", wakefulness, or the executive control system of the mind. It is an umbrella term that may refer to a variety of mental phenomena. Consciousness typically refers to the idea of a being who is self-aware. It is a distinction often reserved for human beings. This remains the original and most common usage of the term. But a line of political and philosophical inquiry opened up which explores consciousness in terms of one's political state of mind. For Marx, consciousness describes a person's political sense of self. That is, consciousness describes a person's awareness of politics. For Marx, an authentic consciousness was linked to understanding one's true position in History. While Hegel placed God behind the workings of consciousness in people, Marx saw the political economy as the engine of mind. In this study we shall use that definition by Karl Marx to define mass consciousness as the citizens' as a whole and how they perceive and interact with the politicians

Political change refers to the change in style of leadership e.g from single party rule to multiparty rule also it refers to change of power the incumbent leader and his party to a new leader of new political party and not merely change of leaders but change of parties too.

DATA COLLECTION

Secondary Data

Secondary data shall be collected from books, journals, websites, newspapers etc on leadership, economic growth, mass consciousness and political change with specific reference to Taiwan and

Kenya.

Primary Data

Primary data will be collected from a sample size of 6 or 7. Unstructured interviews shall be used to collect data from 1). government of Kenya (Official), 2). economist 3). academician 4). 2 Kenyan citizens 5). 1 Taiwanese/Chinese embassy official 6). 1 leader (Kenya) for example.

CHAPTER OUTLINE

- I. Chapter 1: Proposal
- II. Chapter 2: Leadership and Economic growth- Conceptual issues.
- III. Chapter 3: Comparative study of Economic Growth and Political Leadership in Kenya and Taiwan.

IV Chapter 4: Critical Analysis

V Chapter 5: Conclusion and Recommendations.

CHAPTER TWO: LEADERSHIP AND ECONOMIC GROWTH *Conceptual issues.*

LEADERSHIP

Leadership has been described as the "process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task."⁶¹ Definitions more inclusive of followers have also emerged. Alan Keith stated that, "Leadership is ultimately about creating a way for people to contribute to making something extraordinary happen."⁶² The search for the characteristics or traits of leaders has been ongoing for centuries. History's greatest philosophical writings from Plato's *Republic* to Plutarch's *Lives* have explored the question of "What qualities distinguish an individual as a leader?" Underlying this search was the early recognition of the importance of leadership and the assumption that leadership is rooted in the characteristics that certain individuals possess. This idea that leadership is based on individual attributes is known as the "trait theory of leadership."⁶³

This view of leadership, the trait theory, was explored at length in a number of works in the previous century. Most notable are the writings of Thomas Carlyle⁶⁴ and Francis Galton⁶⁵, whose works have prompted decades of research. In *Heroes and Hero Worship* (1841), Carlyle identified the talents, skills, and physical characteristics of men who rose to power. In Galton's (1869) *Hereditary Genius*, he examined leadership qualities in the families of powerful men. After showing that the numbers of eminent relatives dropped off when moving from first degree to second degree relatives, Galton concluded that leadership was inherited. In other words, leaders were born, not developed. Both of these notable works lent great initial support for the notion that leadership is rooted in characteristics of the leader.

⁶¹ Chemers, M. M. (2002). Meta-cognitive, social, and emotional intelligence of transformational leadership: Efficacy and Effectiveness. In R. E. Riggio, S. E. Murphy, P. J. Pirozzolo (Eds.), *Multiple Intelligences and Leadership*.

⁶² Kouzes, J., and Posner, B. (2007). *The Leadership Challenge*. CA: Jossey-Bass

⁶³ Cassin, (2003) *Psychology*. USA: Prentice-Hall, Inc.

⁶⁴ Thomas Carlyle (4 December 1795 – 5 February 1881) was a Scottish satirical writer, essayist, historian and teacher during the Victorian era. He called economics "the dismal science", wrote articles for the *Edinburgh Encyclopedia*, and became a controversial social commentator.

⁶⁵ Sir Francis Galton FRS (16 February 1822 – 17 January 1911), cousin of Sir Douglas Galton, half-cousin of Charles Darwin, was an English Victorian polymath, anthropologist, eugenicist, tropical explorer, geographer, inventor, meteorologist, proto-geneticist, psychometrician, and statistician. He was knighted in 1909.

For decades, this trait-based perspective dominated empirical and theoretical work in leadership.⁶⁶ Using early research techniques, researchers conducted over a hundred studies proposing a number of characteristics that distinguished leaders from nonleaders: intelligence, dominance, adaptability, persistence, integrity, socioeconomic status, and self-confidence just to name a few.

A scholar Kurt Lewin⁶⁷ identified different styles of leadership: Lewin often characterized organizational management styles and cultures in terms of leadership climates defined by (1) authoritarian, (2) democratic and (3) laissez-faire work environments.

Autocratic or authoritarian style: Under the autocratic leadership style, all decision-making powers are centralized in the leader, as with dictator leaders.

They do not entertain any suggestions or initiatives from subordinates. The autocratic management has been successful as it provides strong motivation to the manager. It permits quick decision-making, as only one person decides for the whole group and keeps each decision to himself until he feels it is needed to be shared with the rest of the group.

Participative or democratic style: The democratic leadership style favors decision-making by the group as shown, such as leader gives instruction after consulting the group.

They can win the cooperation of their group and can motivate them effectively and positively. The decisions of the democratic leader are not unilateral as with the autocrat because they arise from consultation with the group members and participation by them.

⁶⁶ Louis F. Abbot, *Theories Of Industrial Modernization & Enterprise Development: A Review*, ISRU/Google Books, revised 2nd edition 2003, pages 1-2

⁶⁷ Kurt Fiedler Lewin (September 9, 1890 - February 12, 1947) was a German-American psychologist, known as one of the modern pioneers of social, organizational, and applied psychology.

Laissez-faire or free rein style: free rein leader does not lead, but leaves the group entirely to itself as shown; such a leader allows maximum freedom to subordinates, i.e., they are given a free hand in deciding their own policies and methods.

Different situations call for different leadership styles. In an emergency when there is little time to converge on an agreement and where a designated authority has significantly more experience or expertise than the rest of the team, an autocratic leadership style may be most effective; however, in a highly motivated and aligned team with a homogeneous level of expertise, a more democratic or laissez-faire style may be more effective. The style adopted should be the one that most effectively achieves the objectives of the group while balancing the interests of its individual members.

Under Lewin's study most of the governments today choose to either use authoritarian style or democratic style of government.

ECONOMIC DEVELOPMENT

Economic development is the increase in the amount of people in a nation's population with sustained growth from a simple, low-income economy to a modern, high-income economy.⁶⁸ Its scope includes the process and policies by which a nation improves the economic, political, and social well-being of its people.¹¹

⁶⁸ Alan D. Wood, "Economic development," *Deardorff's Glossary of International Economics* online (click to E).
¹¹ Ha Myint and Anne O. Krueger "Economic development," *Encyclopaedia Britannica* (2009)

The study of economic development by social scientists encompasses theories of the causes of industrial economic modernization, plus organizational and related aspects of enterprise development in modern societies. It embraces sociological research on business organization and enterprise development from a historical and comparative perspective; specific processes of the evolution (growth, modernization) of markets and management employee relations; and culturally related cross-national similarities and differences in patterns of industrial organization in contemporary Western societies. On the subject of the nature and causes of the considerable variations that exist in levels of industrial-economic growth and performance internationally, it seeks answers to such questions as: "Why are levels of direct foreign investment and labour productivity significantly higher in some countries than in others?"⁷⁰

Economic growth versus economic development

Economic development refers to social and technological progress. It implies a change in the way goods and services are produced, not merely an increase in production achieved using the old methods of production on a wider scale. Economic growth implies only an increase in quantitative output; it may or may not involve development. Economic growth is often measured by rate of change of gross domestic product (eg., percent GDP increase per year.)⁷¹ (Gross domestic product is the aggregate value-added by the economic activity within a country's borders.

Economic development typically involves improvements in a variety of indicators such as literacy rates, life expectancy, and poverty rates. GDP does not take into account other aspects such as leisure time, environmental quality, freedom, or social justice; alternative measures of economic wellbeing have been proposed

⁷⁰ Lewis F. Abbot, *Theories Of Industrial Modernization & Enterprise Development A Review*, ISR/Google Books, revised 2nd edition 2003, pages 1-2

⁷¹ Beyond Economic Growth Student Book, "Economic development".

A country's economic development is related to its human development, which encompasses, among other things, health and education.

Intensive versus extensive growth

A closely related idea is the difference between extensive and intensive economic growth.

Extensive growth refers to the increase of overall wealth, while intensive growth refers to the increase of per capita wealth. Unlike extensive growth, intensive growth is mainly driven by productivity growth and technological progress. While economies in the pre-industrialization period grew extensively, intensive growth is a relatively recent phenomenon that came with modern economic growth.

Does growth create development?

Dependency theorists argue that poor countries have sometimes experienced economic growth with little or no economic development; for instance, in cases where they have functioned mainly as resource-providers to wealthy industrialised countries. There is an opposing argument, however, that growth causes development because some of the increase in income gets spent on human development such as education and health.

According to Ranis et al. (2000)²² we view economic growth to human development as a two-way relationship. Moreover, Ranis suggested that the first chain consist of economic growth benefiting human development with GNP. Namely, GNP increases human development by expenditure from families, government and organizations such as NGOs. With the increase in economic growth, families and individuals will likely increase expenditures with the increased in incomes, which leads to increase in human development. Further, with the increased in expenditures, health, education tend to increases in the country and later will contribute to economic growth

²² Ranis, G., Stewart, F. & Ramirez, A. *Economic Growth and Human Development. World Development*, 28(2), 2000 97-219.

In addition to increasing private incomes, economic growth also generates additional resources that can be used to improve social services (such as healthcare, safe drinking water etc...). By generating additional resources for social services, unequal income distribution will be limited as such social services are distributed equally across each community; benefiting each individual.

Thus, increasing living standards for the public.¹¹

To summarize, as noted in Anand's article (1993)¹⁴ we can view the relationship between human development and economic development in three different explanations. First, increase in average income leading to improved in health and nutrition (known as Capability Expansion through Economic Growth). Second, it is believed that social outcomes can only be improved by reducing income poverty (known as Capability Expansion through Poverty Reduction). Thirdly, (known as Capability Expansion through Social Services), defines the improvement of social outcomes with essential services such as education, health care, and clean drinking water.

The introduction above was to introduce use to the concepts of leadership and economic development. This study is interested in the connection between these two concepts and if their either has an effect on the other.

LEADERSHIP AND ECONOMIC DEVELOPMENT IN CONTEMPORARY ISSUES.

The relationship between a nation's policies and its economic prospects is one of the most fundamental subjects in all of social science. Indeed it corresponds with the theory I have chosen for this study – Marxist theory of Base and superstructure.

The base and superstructure metaphor explains that the totality of social relations regarding “the social production of their existence” i.e. civil society forms a society's economic *base*, from which rises a *superstructure* of political and legal institutions i.e. political society. The base corresponds to the social consciousness (politics, religion, philosophy, etc.), and it conditions the superstructure and the social consciousness. These relations *fundamentally* determine society's other relationships

¹¹ Anand, S. & Sen, A. *Human Development and Economic Sustainability: World Development*, 28(12), 2000 029-2049

¹⁴ Anand, S. & Ravallion, M. *Human Development in Poor Countries: On the Role of Private Incomes and Public Services: The Journal of Economic Perspectives*, 7(1), 1993 33-150

and ideas, constituting the superstructure; thus, the base *determines* (conditions) the superstructure, yet, their relation is *not* strictly causal, because the superstructure often influences the base; however the influence of the base predominates ,as per Antonio Gramsci's cultural hegemony theory the political superstructure is related to, yet not determined by, the elements that the economic base comprehends in its articulation; despite ready simplification.

Which is better for economic growth- a strong guiding hand that is free from the pressure of political competition, or a plurality of competing interests that fosters openness to new ideas and new political players?

East Asian examples (South Korea, Taiwan, and China) seem to suggest the former. But how ,then, can one explain the fact that almost all wealthy countries – except those that owes their riches to natural resources alone- are democratic? Should political openness precede, rather than follow, economic growth? When we look at historical evidence, instead of individual cases we find that authoritarianism buys little in terms of economic growth. For every authoritarian country that has managed to grow rapidly there are several that have floundered. For every Lee Kuan Yew of Singapore, there are many like Mobutu Sese Seko of the Congo. Democracies according to history not only out-perform dictatorships when it comes to long-term economic growth, but also outdo them in several other important respects. They provide much greater economic stability, measured by the ups and downs of the business cycle. They are better at adjusting to external economic shocks (such as terms-of-trade declines or sudden stops in capital inflows).They generate more investment in human capital-health and education. And they produce more equitable societies.

Authoritarian regimes, by contrast, ultimately produce economies that are as fragile as their political systems. Their economic potency, when it exists, rests on the strength of individual leaders, or on favorable but temporary circumstances. They cannot aspire to continued economic innovation or to global economic leadership. At first sight, China seems to be an exception. Since the late 1970's , following the end of Mao's disastrous experiments ,China has done extremely well ,experiencing unparalleled rates of economic growth .Even though it has democratized some of its

local decision making, the Chinese Communist party maintains a tight grip on national politics and the human-rights picture is marred by frequent abuses .

But China also remains a comparatively poor country. Its future economic progress depends in no small part on whether it manages to open its political system to competition, in much the same way that it has opened up its economy. Without this transformation, the lack of institutionalized mechanisms for voicing and organizing dissent will eventually produce conflicts that will overwhelm the capacity of the regime to suppress. Political and economic growth will both suffer.

Still, Russia and China are both large and powerful economies. Their example can sway leaders elsewhere to think that they can aspire to economic ascendancy while tightening the screws on domestic political opposition. Consider Turkey a rising economic power in the Middle East that seemed destined until recently to become the region's sole Muslim democracy. During his first term in office, Prime Minister Recep Tayyip Erdogan relaxed some restrictions on Kurdish minorities and passed reforms that aligned the country's legal regime with European norms.

But more recently Erdogan and his allies have launched a thinly disguised campaign to intimidate their opponents and cement government control over the media and public institutions. They have incarcerated hundreds of military officers, academics and journalists on fabricated charges. This turn towards authoritarianism may bode ill for the Turkish economy, despite its strong fundamentals. It will have corrosive effects on the quality of policy-making, as well as undermine Turkey's claim to global economic standing.

For some economic superpowers, like Brazil, India and South Africa which have already accomplished their democratic transitions and are unlikely to regress offer good example economic growth with democracy. None of these countries is without a problem of course. Brazil has yet to recover fully its economic dynamism and find a path to rapid growth. India's democracy can be maddening in its resistance to economic change and South Africa suffers from a shockingly high level of unemployment. Yet these challenges may be nothing compared to the momentous tasks of institutional transformation that await authoritarian countries. But the big question here

seems to be whether Brazil can surpass Turkey on the economic front or can South Africa eventually surpass Russia or can India outdo China?

CHAPTER THREE: COMPARATIVE STUDY OF ECONOMIC GROWTH AND POLITICAL LEADERSHIP IN KENYA AND TAIWAN

TAIWAN'S ECONOMIC GROWTH AND POLITICAL LEADERSHIP.

Taiwan was first populated by Austronesian people. It was colonized by the Dutch in the 17th century, followed by an influx of Han Chinese including Hakka immigrants from areas of Fujian and Guangdong of mainland China, across the Taiwan Strait. The Spanish also built a settlement in the north for a brief period, but were driven out by the Dutch in 1642.

In 1662, Koxinga (Zheng Cheng-gong), a Ming Dynasty loyalist, defeated the Dutch and established a base of operations on the island. Zheng's forces were later defeated by the Qing Dynasty in 1683. From then, parts of Taiwan became increasingly integrated into the Qing Empire before it ceded the island to Japan in 1895 following the First Sino-Japanese War. Taiwan produced rice and sugar to be exported to Japan and also served as a base for the Japanese colonial expansion into Southeast Asia and the Pacific during World War II. Japanese imperial education was implemented in Taiwan and many Taiwanese also fought for Japan during the war.⁶

Following World War II, the Republic of China (ROC), under the Kuomintang (KMT) became the governing polity on Taiwan. In 1949, after losing control of mainland China following the Chinese civil war, the ROC government under the KMT withdrew to Taiwan and Chiang Kai-shek declared martial law. Japan formally renounced all territorial rights to Taiwan in 1952 in the San Francisco Peace Treaty. The KMT ruled Taiwan as a single-party state for forty years, until democratic reforms were mandated during the final year of authoritarian rule under Chiang Ching-kuo. The reforms were promulgated under Chiang's successor, Lee Teng-hui, which culminated in the first

⁶Maton, (2001) pg.329-333; Blusse, Leonard & Everts, Natalie. *The Formosan Encounter. Notes on Formosa's Aboriginal Society. A selection of Documents from Dutch Archival Sources Vol. I & Vol. II*, (2000), pg.300-309
⁷Colliers (Ed.), *The Russo-Japanese War*, P.F. Collier & Son, New York. 1904

ever direct presidential election in 1996. In 2000, Chen Shui-bian was elected the president, becoming the first non-KMT president on Taiwan. In the reference to the above it is important to mention that we are focusing on the period between 1970 and 1990 and in addition to that we are also going to compare it with the same period in Kenya in terms of the effect political leadership had on economic development. The period between 1970 and 1990 was characterised by industrial upgrading of an already developed local Taiwanese economy and the emergence of a political opposition to the ruling KMT party which considered itself the rightful party to rule mainland China. The political arena during this period in Taiwan was turbulent as China was slowly gaining recognition on world stage as a sovereign state while Taiwan through the party KMT had adopted a rigid no-talks stance with China. Another issue was that most of the ruling elite were from mainland China and they tended to direct political and economical strategies on behalf of majority indigenous Taiwanese people although this would change later on.

Until the early 1970s, the Republic of China was recognized as the sole legitimate government of China by the United Nations and most Western nations, refusing to recognize the People's Republic of China on account of the Cold War. The KMT ruled Taiwan under martial law until the late 1980s, with the stated goal of being vigilant against Communist infiltration and preparing to retake mainland China. Therefore, political dissent was not tolerated.

The late 1970s and early 1980s were a turbulent time for Taiwanese as many of the people who had originally been oppressed and left behind by economic changes became members of the Taiwan's new middle class. Free enterprise had allowed native Taiwanese to gain a powerful bargaining chip in their demands for respect for their basic human rights.

Taiwan was facing mounting external economic, political, and military threats especially from China. So to the mainland KMT regime failure to them meant the loss of its hegemony over Taiwan's society and eventually of the territory necessary to bolster its claim to be the legitimate Chinese government. To the people at large, failure meant the end of their prosperous, capitalist, western-oriented society and incorporation into the still unsettled People's Republic. Political and

military threats came from China .It threatened American companies that if they tried to do business with Taiwan then they might as well forget doing business in the mainland .It made an example of American express by not accepting its travellers cheques .Companies such as Pan Am and First National Bank of Chicago withdrew their Taiwanese operations. At this point it important to note that both KMT and the Taiwanese could afford to let the economy crumble as this would not help them achieve their goals as laid out at the beginning of the paragraph. At the same time US companies were beginning to realize that they would loss a lot of business in China than in Taiwan .Also the US government was in the midst of a cold war with the USSR thus could also not afford another enemy. Taiwan in this case I would argue became a victim of the cold war as did many African countries even Kenya. The worst nightmare came true when the United States and the People's Republic of China established formal diplomatic relations as of January 1, 1979 and the American Embassy in Taipei was closed. ⁷⁷This means Taiwan was losing its significance as the last line of defense against communism in the Chinese region also this meant that the dream KMT had of ever being recognized as the legitimate party in China was gone. Thus KMT had to ensure that if they did not survive politically at least Taiwan should survive economically out of this crisis. The communists changed their approach to Taiwan, emphasizing "reunification" instead of "liberation" and promising a list of concessions to the nationalists if they would just open negotiations. But the communists never renounced the right to use force; nor was the threat of a blockade counted out .The people of Taiwan quite naturally experienced a crisis of confidence in the ability of the nationalist authorities to control the island's fate. Had there been much sentiment favouring communist "liberation" this would have been a cause for jubilation; but after more than two decades of economic growth, social and political stability, and a vastly improved standard of living, reinforced by virulent anti-Communist propoganda, censorship of pro-PRC materials, and the Communists' repeated chaotic upheavals, even people who disliked the KMT saw the stake the stake they had in the status quo. The declaration of an independent Taiwan, the de jure

77 Probyla, Jim "Some reflexions on Derecognition and the Economy of Taiwan " (Taiwan :One Year After United States-China Normalization. Washington: U.S Government Printing Office 1980), pp.71-83

acknowledgement of the de facto situation, would have invited certain military by the People's Republic and was thus not a viable option.

The external threats posed a much more serious challenge than any internal constraints facing the regime. After years of authoritarian control, the people looked to the KMT to get them out of their quandary. The severe political and economic challenges required increased state intervention after a long period of continuous retrenchment. The state devised a flexible, multifaceted strategy to reduce Taiwan's vulnerability to the instability of the global economy, primarily by vertically integrating and deepening industry and, to compensate for its diplomatic isolation by substituting economic ties for political ones.

In industry, the first stage involved going ahead with the agenda of selectively building up heavy and capital intensive industries and modernising the infrastructure. Taiwan's economic technocrats adopted a more aggressive stance toward restructuring the economy and inserting Taiwan into a new niche in the international division of labour.

Scrapping the Sixth Four-Year Plan, the EPC (Economic Planning Council) issued a Six Year Plan for 1976 to 1981, emphasizing capital and technology-intensive industries notably steel and petrochemicals. Domestic economic dislocations and lack of confidence pushed the state to the forefront as the only actor capable of bringing this to fruition. It linked several projects already underway as the Ten Major Developments and invested them with a great deal of its own capital and prestige. With a final price tag exceeding \$8 billion⁷⁸ (*Euro money* May 1981:3), the projects comprised nearly 20% of the state's investment for 1975 and 1976 and helped the economy ride out the first oil crisis (Kuo 1983:216-17)⁸⁰

78 Kuo, Shirley W. Y. *The Taiwan Economy in Transition* (Boulder: Westview Press 1983)

79 Shun-Hsin Chou. *The Chinese Inflation 1937-1949*, New York, Columbia University Press, 1963. Library of Congress Cal. 62-18260

80 Woodward, G. Thomas). "The Taiwanese hyperinflation and stabilization of 1945-1952" *Journal of Money, Credit & Banking*. (1 February 1989)

STATE AND SOCIETY IN THE TAIWAN MIRACLE.

Clearly any explanation of Taiwan's growth with stability must start with the Nationalist party-state. What leaps out is the way in which Taiwan's political elite, with a great deal of autonomy from particular social interests, effectively led sustained economic development through several crises and maintained stability in the bargain. It did not just get the prices right but it restructured society, channeled funds for investment, intervened directly in the economy, created a market system, devised indicative plans, determined the physical and psychological investment climate, and guided Taiwan's incorporation into the world capitalist system. The KMT state's effectiveness derived from several factors most important being its relationship with Taiwan's society. Comprising little more than a bureaucracy and army, the KMT's efforts at control. The mainland regime confiscated industrial and financial assets, carried out a land reform and remolded social groups from an unassailable position of strength virtually without parallel in the Third World. Backed by a gargantuan foreign-supported military machine, the organs of martial law and a pervasive internal security system, the KMT stands as an almost over-determined case of "revolution from above". Its autonomy, ruthlessness, determination, ideological legitimation, cohesion, material base and foreign support distinguished the KMT on Taiwan from other authoritarian regimes.

KMT decided to back the pro-(limited) free-enterprise developmentalists over the hard-line return-to-the-mainland statist ideologues in the early 1950s. With development, this division in the party resulted in specialization, reducing the influence of the ideological generalists. Over subsequent years bolstered by continuous success, the technocrats gained more influence and backing and institutions such as the planning agencies. The creators of the Taiwan miracle were primarily engineers by training who learned by doing. Economists entered the agencies later, and they still tend to be outside government. Economic planners rarely concerned themselves with welfare issues, leaving those to other bureaus or the party, and adopting the attitude that an expanded

81 The locus classicus for the concept "revolution from above" is Ellen Kay Trim Berger, *Revolution from Above: Military Bureaucrats and Development in Japan, Turkey, Egypt and Peru* (New Brunswick, N.J.: Transaction Books, 1978).

economic pie was the best way to solve such problems.

Stability through authoritarianism and a developmentalist state laid a foundation for Taiwan's growth, but also key was the mainlander party-state's grudging willingness to create a system that granted wide scope to succeed economically to a pragmatic people with ambitions and talents in that direction. Cronyism and corruption existed but so did genuine opportunity.

⁸²A division of labour in the economy among TNCs (Transnational Corporations), local capital and the state, with distinct spheres yet numerous vertical and horizontal linkages, formed the dynamic base for Taiwan's development. Too many unique elements shaped Taiwan's experience to make it a viable model but it offers several lessons worth considering by other LDCs (Less Developed Countries). Surely, authoritarianism, autonomy and large-scale state economic activity facilitated achieving development. The question is when to soften political control and selectively adopt more market-conforming tactics to sustain development. Although mainlander KMT hard-liners will continue their harassment, the trends of democratisation and Taiwanization must persevere if Taiwan is to endure as a viable unit. ⁸³Cardoso, ⁸⁴Evans, and other dependency writers saw authoritarianism as the outcome of dependency; the two reinforced each other. While this affinity appears obvious, it may have limits ⁸⁵. In recent years, the trend in Latin America's dependency cases par excellence-Brazil, Argentina, Peru, Uruguay- has been turned toward redemocratization. In the same way, Taiwan's authoritarianism or one party hegemony (and Kenya's too) has reached a crisis.

LEADERSHIP, GOVERNANCE AND ECONOMIC GROWTH IN KENYA.

Some of the issues missing on the agenda of the independence leadership centre on what was required to develop a nation state such as how the colonial state was to be deconstructed to engender real societal transformation, how the African people were to take charge of their destiny

⁸²Thomas A. Gold, *State and society in the TAIWAN MIRACLE*

⁸³ Cardoso, Fernando H. 'Associated-Dependent Development: Theoretical and Practical Implications. In *Authoritarian Brazil*' Alfred Stepan. (New Haven: Yale University Press 1973) pp 142-76

⁸⁴Evans, Peter B. *Dependent Development*. (Princeton: Princeton University Press 1979)

⁸⁵Alejandro Portes, 'From Dependency to Redemocratization: New Themes In Latin American sociology' *33* (September 1981): pp546-549

and determine their own history, and the quality of leadership that was necessary to realise this dream. The crisis of the Kenyan state is historical and is rooted in the organisation of the state and the quality of leadership overtime.

To put a state on its rails, leadership is central. Social transformation and construction of a political community will only take place with good leadership and it is this that will translate into good governance. As a conscious management of regime structures, good governance must seek to enhance legitimacy in the public realm through the evolution of suitable structures that would then enhance authority, trust, reciprocity and accountability⁸⁶ (Hyden & Bratton, 1992). This amounts to a process that ensures regulated leadership, hence the importance of accountability. Leadership in this sense must be looked at from two levels : formal and informal. Either way, one of the functions of leadership is to evolve a societal vision while navigating and balancing social interests. Thus an institution-friendly leadership occupies itself with providing the most realistic options and agenda for progress. In Kenya the inability of factions of the ruling elite to bargain over their interests within existing formal institutions continues to weaken the state. Unappreciated by the elite is that, in a society of great heterogeneity, (Kenya has roughly 42 tribes), no single force has the capacity to rule, much less evolve, a national civic culture. At leadership level, the process entails developing the capacity to lead and mobilize popular support. We shall now look at two leaders who ruled Kenya in the years between 1970 and 1990 Jomo Kenyatta and Daniel Arap Moi. Sadly both leaders did not appreciate the heterogeneity of the Kenyan society and tried to prop up their regimes based on tribalism, nepotism and corruption which inevitably had detrimental effects on the Kenyan economy.

The Kenyatta leadership and Political Exclusion

The Kenyatta regime was confronted right from the outset with numerous nation state crises. One there was the crisis of identity, manifested by the tendency of the various communities to identify

⁸⁶Hyden, G and M Bratton. *Governance and Politics in Africa*. (Boulder Lynne Runner Publishers, 1992)

themselves as members of a particular ethnic group as opposed to identifying themselves with the nation. There was also the crisis of resource distribution and allocation that manifested itself in demands by millions of landless Kenyans for the right to access land that was alienated by white settlers. Underlying these demands were ethnic and class tendencies: a near century of racially defined socioeconomic and political marginalization had engendered a situation in which land was in the hands of European settlers and multinational companies while the majority of the African population wallowed in poverty and deprivation.

There was also the crisis of institutional penetration in the society. Without adequate infrastructure especially in the northern frontier districts the state was unable to demonstrate its sovereignty in that part of the country. The northern frontier district situation therefore continued to spawn and reinforce an identity crisis and the government was unable to put in place the necessary infrastructure critical for operationalising public demands into policy outputs. There was also the crisis of participation. A few of the Kenyan communities and the petty bourgeoisie in general evolved a capacity and the necessary infrastructure to support a liberal form of democracy.

National politics remained brittle and was articulated in ethnic terms through threats, bribery, and outright violence. These tendencies poisoned, polarized and eventually narrowed associational space. Devoid of requisite structures of conflict management and resolution, the state drifted very fast into a civil war with the Kenyan Somalis seeking to exit citing threats of marginalization.

Worse still the paucity of statesmanship among the petit bourgeoisie saw them nest themselves in manoeuvre that sought to outdo each other as they raced towards designing foolproof schemes for succeeding Kenyatta. The political leadership failed to respond adequately to these demands, leading to the inability of leaders to deconstruct the colonial state structures.

Thus the Kenyatta leadership failed in its core task of responding to the questions

: What is it we want with state power? What is it we should do that has not been done, how do we build a new democratic state with a focus on the people as the real sovereigns? Thus a desirable leadership would be able to build a state friendly to the needs of the African people and

accountable to them.

Consequently, it became apparent that gaining independence was mainly a struggle by African nationalists to rid the country of foreign leaders and replace them with Africans. Rebuilding the new African state through unity was not a priority, and this remains an unfinished agenda. The leadership failed to create an environment that could ensure the sovereignty of and enhanced participation of the people in constructing the state and, in particular in transforming the polarized ethnic groups into a political community requires the presence of a strong structural organization that is able to provide values to the society and organize and channel the nexus between demands and inputs into and out of the state. This calls for rationalized individual capacity and institutions, both of which demand co-operation and leadership efficacy. Clearly, the political leadership at Independence had no compulsion to build trust and institutions of accountability. It instead sought to conceal its real intentions as it established a dominant control of reigns of power. It saw the state as an instrument for personal or individual accumulation of wealth and, like its colonial predecessors: it sought to use state apparatus to access resources to regime friendly zones within the state. In doing so, it failed to see the state as an instrument for engendering change and nation building for the benefit of all. Indeed, KANU sought to retain the centralised logic on which the colonial state was founded, but to hasten independence, it acceded to KADU's demand with the knowledge that it was merely a tactical move.

Essentially, the aim was to use the levers of powers to dismantle the constitution so as to achieve the intentions of a faction of the elite. The eradication of poverty, ignorance and disease was the vision used to harangue and mobilize the peasantry and lumpens into supporting KANU. Thus, the elite argued against majimbo especially the threats it 'portended' to the interests of the elite rationalised as state interests. State structures of violence were wielded to exclude people that the elite did not agree with. It is this logic that gradually engendered the brittle nature of state politics. Despite constant declarations of commitment to the eradication of poverty, ignorance, and disease, the independence leadership pursued the politics of regime consolidation and

entrenchment . This strategy was critical; at one level facilitating economic accumulation but at another level allowing some leading youthful elite to begin the process of dismantling the independence constitution with their eyes set on the post-Kenyatta era.⁴¹(Coldworthy 1982) In the economic realm, the independence leadership sought pursue the philosophy of growth as articulated in *Sessional paper number 10 of 1965 on African Socialism and its Application to Planning in Kenya* . This paper fitted in well with the centralizing logic of the state especially the legacy of favouring certain groups to the detriment of others . In a pursuit of this legacy, the Paper stated that:

One of our problems is to decide how much priority we should give in investing in less developed provinces To make the economy as a whole grow as fast as possible, development money should be invested where it will yield the largest output This approach will favour the development of areas having abundant natural resources, good land and rainfall, transport, and power and the people receptive and active in development (Kenya 1965)

The above notion was unwise as Kenya was a country of upto 42 different tribes

Essentially, instead of addressing regional disparities, the Kenyatta leadership added ethnic and class orientation to expand these disparities. Selected areas of the country received preferential treatment to the detriment of others and in the process there developed the basis for polarised ethnic identities and obvious disparities⁴²(Omosa,1993)In the pursuit of this exclusivity, and to further facilitate the consolidation of power, requisite institutional frameworks were created in the form of parastatal bodies to make easy access to development credit facilities⁴³(Katumanga, 1998:19).Among these were the Agricultural Finance Corporation (AFC), the Co-operative Bank,

and the Industrial and Commercial Development Corporation (ICDC). Alliances sought and established between multinational corporations and the local political elite aimed at enabling the local political elite obtain shares in the corporations in return for political favours. To further this, the Trade Licensing Act of 1967 was used to reduce the dominance of Asians in commerce and trade. The net impact of the regime's economic policies was gross imbalance within the state. Nairobi and a few urban centres grew at the expense of other towns and rural areas; further solidifying class and ethnic disparities"⁹¹ (ILO, 1972:2)

One other key issue that leadership was expected to address fully and fairly but yet again failed to do was meaningful agrarian reform. As a result a section of Kenyans ended up with as much as 200,000 acres of land when the majority had none⁹¹. Thus leadership failed to address a key problem: inequity in resource distribution and the consequences linger on. Given the centrality of land to livelihood in Kenya, any approach to address existing disparities demands political will, commitment to social transformation, and a leadership that is willing to take whatever necessary risks to realise meaningful change.

Seemingly, Kenyatta's regime failed to evolve holistic approaches to developing leadership capacities at all levels of state. Instead, attempts were made to portray him as immortal thus necessitating the stalling of alternative centres of power. By the time of the Lancaster generation that was devoid of horizontal and vertical structures of accountability.

MOI LEADERSHIP AND INSTITUTIONAL DECONSTRUCTION.

Moi, like his predecessor, had a great opportunity to transform the Kenyan state. The transformation however required visionary leadership that would have engaged itself with both nation building and institution-strengthening that in turn would have enabled him to entrench his regime in the minds of a united political community: the reverse was the case unfortunately. Moi's objective was blurred by his belief systems and the humiliations he had endured under the Kiambu

91 Hunt, D. *The impending Crisis in Kenya: The Case for Land Reform.* (Aldershot: Cower, 1994)

While talking in ideological modes that suggested reconciliation by promising to follow Kenyatta's nyayo (footsteps), Moi sought to deconstruct the GEMA hegemony over the state structures and political economy. On taking power, he did not seek to accommodate the GEMA which he considered as an obstacle to his regime. He therefore sought to weed out the Kenyan economy, and financial sector, where most of them had sought to reconstitute their capital. Taking advantage of the mismanagement of financial institutions, the Moi regime ordered parastatal finances to be taken out of GEMA- owned financial houses, leading to the collapse of the financial institutions (Otieno, 1996). Among the institutions that collapsed were the Rural Urban Credit Company, the Continental Bank, the Pioneer Building Society, the United Finance Bank, and the Tropical Building Society. Instead Moi entered into an alliance with Asian capital, a decision predicated on an assumption that Asians were not a threat to the regime. The Moi elite employed repression and constitutional amendments to maintain political power. The Constitutional Amendment Act No. 7 of 1982 introduced Section 2A that transformed Kenya into a de jure one-party state. This amendment was followed by amendments that removed the security of tenure of judges, the Controller and Auditor-General and the Attorney-General. Repression engendered a coup attempt on 1 August 1982 which the Moi regime used to re-work state institutions to meet its objectives. Most of the institutions were increasingly ethnicised oblivious of competency and institutional probity.

As the Moi elite however sought to ideologically fragment the GEMA and unify the rest of the nation using Kikuyophobia, it fell back on pragmatism. The leadership lacked a strong organisational base and remained driven by particularistic interests. Every national crisis was responded to by setting up new institutions and as a consequence, too many institutions were set up ⁹³ The inability of the nyayo leadership to operate under institutional discipline (by allowing

⁹²This refers to a powerful elite group of business/political entrepreneurs from Kenyatta's home district of Kiambu, who operated under the Gikuyu, Embu, Meru Association GEMA emblem, and whose central objective was to keep the presidency in Kiambu

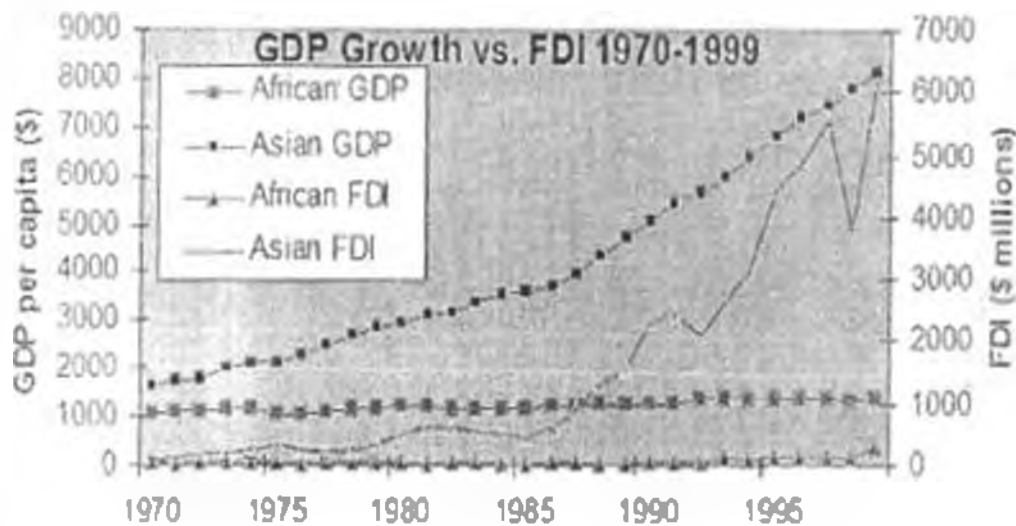
⁹³ For instance, the Nyayo Bus Service was set up to operate public transport, Nyayo Tea Zones to grow tea,

institutional needs to define the direction the institutions took) spawned a situation where these institutions became sources for resource extraction and wanton looting.

Devoid of a particular culture, the state began drifting towards a dialectically opposed logic, characterised by high levels of de-institutionalisation alongside institutional inflation. The leadership drifted away from its cardinal responsibility of shaping societal interests for development to high levels of predation. By the late 1990s, between two and four billion US dollars (Kshs. 156 and 311 billion) had siphoned from the state⁹⁴ (*The people Daily* 27 March 2004.) The general failure of leadership to revalidate itself motivated social forces to unite and agitate for political change-multi partism.

COMPARATIVE ANALYSIS

Analysis of economic growth in Taiwan and the lessons Kenya can learn from it.



⁹⁴*paradox*: Is foreign direct investment (FDI) a catalyst to economic development in under-

Ngugi Pioneer Car to manufacture Kenyan Cars, etc

94

95 globaladder.cuny.edu/fdi_new.htm

developed areas or is "critical mass" of economic viability necessary to attract FDI? Look at the chart showing relative GDP growth in Asia and in Africa since 1970.

1. The "Asian tigers" are charted in aggregate as Korea, Taiwan, Malaysia, Indonesia and Thailand.
1. The African nations shown in aggregate are Kenya, Ghana, Mozambique, Congo, and Ivory Coast.
1. In 1970, when the average GDP per capita for each region was separated by only a few hundred dollars, FDI in both areas was negligible.
1. By 2000, the 8 to 1 disparity in GDP is accompanied by a 60 to 1 difference in FDI.

No matter which comes first, growth in one seems to be linked to growth in the other. And, when facing the reality of extreme poverty does it really matter? The reasons for this disparity in FDI may be difficult to sort out, but they may be irrelevant to the search for a solution. These facts, however, are relevant:

1. Investment, especially FDI, is essential to the growth of developing economies.
1. Multinational corporations (MNC's) do not consider investment in struggling economies that show no apparent promise of robust growth.

In reference to the literature review some of the lessons that can be learnt from Taiwan is that FDI is necessary for growth and Taiwan and other Asian countries have managed to attract foreign investment and have continue to grow as the chart has shown above. Endemic corruption in Kenya and many other African countries has ensured that few MNCs are interested in investing in Africa and as the results above has shown this has proven disastrous for Kenya and other African countries. For example through the Europeans own need to find new markets to stimulate their battered economies, Taiwan's aggressive, state-led wooing of Europe for trade and investment partners, and Western disillusionment with the market on the Chinese mainland all contributed to this growth. At times the People's Republic.⁹⁶

⁹⁶Cheng Chung, *Economic Development in Taiwan, Turpet* . (Chang, Kowle, 1968.)

Kenya was a prime choice for foreign investors seeking to establish a presence in Eastern and Southern Africa leading to a steady growth of Foreign Direct Investment (FDI) through the 1970s. She had a relatively high level of development, good infrastructure, market size, growth and FDI openness to compared to other countries in the region that had relatively closed regimes.

Kenya's FDI in the 1970's was about \$10 million a year peaking to approximately \$80 million in 1979-80. However, the early 1980's saw a decline in FDI as a result of numerous factors such as the deterioration in economic performance, stop-go nature of economic reforms, political instability, rising costs of services and doing business, mediocre growth performance, corruption, poor governance, deterioration of public services and infrastructure.⁹⁷

1 To examine whether leadership style has an impact on economic development

Incumbents usually use the state to skew access to private sector finance like in the case of KMT and KANU. For example, they may use public credit, concessions, licensing, privatization, and other policy instruments to enrich party- or proxy-owned enterprises, as in Kenya and Taiwan. They may also use state policy to punish businesses that finance the opposition. *"Moi sought to deconstruct the GEMA hegemony over the state structures and political economy. On taking power, he did not seek to accommodate the GEMA which he considered as an obstacle to his regime. He therefore sought to weed out the Kenyan economy, and financial sector, where most of them had sought to reconstitute their capital. Taking advantage of the mismanagement of financial institutions, the Moi regime ordered parastatal finances to be taken out of GEMA- owned financial houses, leading to the collapse of the financial institutions (Otemyo 1996). Among the institutions that collapsed were the Rural Urban Credit Company, the Continental Bank, the Pioneer Building Society, the United Finance Bank, and the Tropical Building Society.*

In these cases, resource disparities exceeded anything seen in democratic regimes. KMT in Taiwan

⁹⁷Susan Kikwai Ag, Managing Director of Investment Promotion Centre (IPC). "FDI: Kenya Should Stop the Torn Pockets!" in *The African Executive*

built multi-billion dollar business empires. The KMT's estimated \$3 billion in assets made it the "richest party in the non-communist world;" in the mid-1990s, its \$450 million annual budget exceeded that of the opposition DPP by at least 50-to-1.⁹⁸

Taiwan's 1996 presidential election—though widely viewed as democratic—was marked by such extreme resource disparities that the DPP "found it nearly impossible to compete."⁹⁹ Major opposition parties in Kenya have allowed themselves to be co-opted by the government, largely in order to secure the resources necessary for political survival.

Uneven playing fields tend to emerge under conditions that facilitate incumbent control over key state and societal resources. Such conditions often exist, for example, in cases of incomplete transition from single party rule. Single party regimes tend to fuse state and ruling party, creating a highly politicized state in which bureaucrats simultaneously are party cadres, state properties (e.g., businesses, media outlets) are simultaneously party properties, and resources from various state agencies are systematically deployed for partisan use. Transitions to multiparty rule—often accomplished via a simple constitutional change or the calling of elections—do not necessarily change these patterns. Thus, in Taiwan and Kenya, the end of single party rule in the late 1980s or early 1990s did not bring an effective de-linking of state and party, which helped incumbents retain power in a multiparty context.

How can an uneven playing field be overcome? The most reliable way is to grow out of it.

Capitalist development expands the resources available to opposition parties, creates markets capable of sustaining a pluralist media structure, and diminishes the impact of incumbent abuse. In Mexico, for example, economic development expanded the media market and gave rise to a more independent private sector that would be a major source of opposition finance. Similar changes took place in Taiwan.

Short of such long-term structural developments, hyper-incumbent advantage may be overcome in

98 Julian Baum, "The Money Machine," *Far Eastern Economic Review*, August 11, 2004, 62-64; Jauhsieh Joseph Wu, 1995. *Taiwan's Democratization: Forces Behind the New Momentum* (Oxford: Oxford University Press, 1995), 79.

99 Shelley Rigger, "The Democratic Progressive Party in 2000: Obstacles and Opportunities," *The China Quarterly* 168 (December 2001), 9-19.

other ways. The most common of these is division within the ruling elite. Where the playing field is highly skewed, the most viable challengers often come from within. Unlike opposition politicians, top government officials do have access to the state and media. Thus, when regime elites defect and use privileged access to media and patronage to contest for power, the advantages of an uneven playing field may be effectively wiped out. Incumbent coalitions are especially prone to disintegration where ruling parties are weak, as in much of Africa. Likewise, in Kenya, the defection of leading KANU government officials was critical to opposition's victory in 2002. Another means of overcoming an uneven playing field is through a strategy of opposition through co-optation. As noted above, opposition parties that lack access to finance and the media often have an incentive to join the government. Major opposition parties and politicians have adopted this strategy in Kenya. Such behavior is often dismissed as opportunistic and corrupt, and it risks discrediting opposition parties. Under conditions of extreme resource scarcity and/or inequality, however, joining the government may be the only viable means of organizational survival. By allowing themselves to be co-opted today, opposition parties may gain the resources needed to survive and compete tomorrow. Indeed, cooperative strategies sometimes succeed. Similarly, in Kenya, longtime opposition leader Raila Odinga aligned his National Democratic Party (NDP) with the ruling KANU in the late 1990s and joined the government in 2001. Well-endowed with resources, Odinga re-joined the opposition in 2002 and played a central role in KANU's defeat.¹⁰⁰

Basically the styles used in Taiwan and Kenya by KMT and KANU were not so different both parties plundered public coffers and the elite enriched themselves but we need to notice that the main difference towards economic development was the policies laid down and the commitment by the leaders to see them through. *"KMT decided to back the pro-(limited) free-enterprise developmentalists over the hard-line return-to-the-mainland statist ideologues in the early 1950s. With development, this division in the party resulted in specialization, reducing the influence of the ideological generalists. Over subsequent years bolstered by continuous success, the tend to*

¹⁰⁰Quoted in Macharia Munene, *"The Politics of Transition in Kenya 1993-1998"* (Nairobi: Quest and Insight Publishers, 2001)

be outside government. Economic planners rarely concerned themselves with welfare issues, leaving those to other bureaus or the party, and adopting the attitude that an expanded economic pie was the best way to solve such problems. " technocrats gained more influence and hacking and institutions such as the planning agencies. The creators of the Taiwan miracle were primarily engineers by training who learned by doing. Economists entered the agencies later, and they still "

The style of leadership is not a factor that affects economic development

With the observations made above on KMT and KANU on approach both took towards governing their nations there was no major difference. Keeping in mind that both countries had authoritarian leaders this did not stop the Taiwanese nation from achieving what is short of a miracle in economic development while Kenya slipped further into poverty, corruption and stagnant development. Poor leadership style leads to stunted development. Discussed above is how the KMT regime battled to be recognised as the legitimate ruler in mainland China while tackling a hostile communist party and a struggling economy. The leaders of the KMT party were not perfect indeed they were ruthless, corrupt and enriched themselves. But they also made tactical decisions which placed the country's economy in the hands of an educated class of technocrats who turned around the economy thus putting the nation before their personal interests. They did not interfere but rather tried to ensure that policies were implemented. The Taiwanese people were indigenous to the island while most of the ruling elite were from mainland China yet they managed to create a sustainable economy despite their differences in ideology. This is important to note because in Kenya a country with up to 42 different tribes also had parties with different goals. The ruling elite in KANU first in the Kenyatta regime then in Moi regime simply did not put the country's interests ahead of their own. Instead the ruling elite with fellow tribesmen ensured that they plundered the nation without realising the consequences it had on the economy as a whole. Simply because of tribalism by the leaders poor choices were made sacrificing the well being of the nation. In Taiwan the ruling KMT party still had to contend with the two choices of reclaiming their lost political

glory in mainland China or work in collaboration with the indigenous Taiwanese to build the ailing economy. There are some elite who still harbor the wish of going back to Mainland China but they did not put their wishes ahead of building the Taiwanese economy. In Kenya sadly politicians especially the leaders put their communities ahead of the nation and this led to the destruction of the Kenyan Economy.

CHAPTER FOUR: CRITICAL ANALYSIS

KMT and KANU

KMT's autonomy, ruthlessness, determination, ideological legitimization, cohesion, material base and foreign support distinguished it from other authoritarian regimes. In this case of comparative analysis it would be the KANU party in Kenya. KANU squandered opportunities after independence to implement land reforms and also resorted to the doomed divide and conquer tactics of British colonialism that is tribalism to rule the Kenyan people.

Stability through authoritarianism and a developmentalist state laid a foundation for Taiwan's growth, but also key was the mainlander party-state's grudging willingness to create a system that granted wide scope to succeed economically to a pragmatic people with ambitions and talents in that direction. Cronyism and corruption existed but so did genuine opportunity.¹⁰¹ The latter cannot be said about the KANU regime of Kenya. Another major difference between KMT and KANU was land reforms. In Taiwan the land reform really did distribute land to the tiller and introduce technology of benefit to the individual farmer. Leadership was expected to address fully and fairly but yet again failed to do what was meaningful agrarian reform. As a result a section of Kenyans ended up with as much as 200,000 acres of land when the majority had none

Looking to the future, Taiwan's authoritarianism or one party hegemony (and Kenya's too) has

101 Yang, Martin M. C. *Socio-Economic Impacts of Land Reform in Taiwan*. Honolulu: (University Press of Hawaii 1970.)

reached a crisis.

The KMT has had trouble with this, but its relationship with Taiwanese society and with the People's Republic make this problem more, not less, difficult to resolve than elsewhere. But the question on when to soften political control and selectively adopt more market-conforming tactics to sustain development is relevant with regards to the Kenyan experience where also one party namely KANU had immense control through its leaders on Kenya's political and economic development. "KMT decided to back the pro-(limited) free-enterprise developmentalists over the hard-line return-to-the-mainland statist ideologues in the early 1950s. With development, this division in the party resulted in specialization, reducing the influence of the ideological generalists. Over subsequent years bolstered by continuous success, the technocrats gained more influence and backing and institutions such as the planning agencies. The creators of the Taiwan miracle were primarily engineers by training who learned by doing. Economists entered the agencies later, and they still tend to be outside government. Economic planners rarely concerned themselves with welfare issues, leaving those to other bureaus or the party, and adopting the attitude that an expanded economic pie was the best way to solve such problems."

The above statement from page 9 explains the cordial relationship the Taiwanese KMT lead government had with institutions to ensure economic development. Thus according to the theory chosen for the study base and superstructure by Karl Marx it seems in the Taiwan the politics which forms the superstructure according to Karl Marx influences the economy which forms the base and not vice versa.

Much has been written about leadership and starting from the quintessential scholar Machiavelli whose misquote term "the end justifies the means" overshadows one key factor often neglected in the discussion of Machiavellian beliefs that leadership is a pursuit that serves the needs of the "common good"¹⁰². Leading scholars: Machiavelli, Karl Marx, Antonio Gramsci

¹⁰²Edwin. M. Machiavelli on Modern Leadership. (New York: St. Martin's Press 1999)

.David Emile Durkheim have tried to link leadership and its effect on the society. Theories such as base and superstructure by Marx, social fact by Durkheim, cultural hegemony by Gramsci help us to understand just what effect leadership has on the society. My study focused on the issue of economic development as a factor dependent on leadership. In Marxist theory, human society consists of two economic parts: the Base and the Superstructure; the base comprehends the relations of production — employer-employee work conditions, the technical division of labour, and property relations — into which people enter to produce the necessities and amenities of life. These relations *fundamentally* determine society's other relationships and ideas, constituting the superstructure; thus, the base *determines* (conditions) the superstructure, yet, their relation is *not* strictly causal, because the superstructure often influences the base: however the influence of the base predominates.

My study concurs with the latter where the superstructure tends to have influence over the base. That the civil society and business communities are at the mercy of the political elite. Kenya is a good example where the Mount Kenya mafia and the Kalenjin Syndicate respectively serving under the former presidents Kenyatta and Moi had virtually a stranglehold over every aspect of the countries politically economically but not socially. Both leaders took the opportunity to practice ethnic politics to consolidate their power and also albeit unknowingly managed to divide the nation with ethnic fault lines visible on the political landscape. Thus according to ¹⁰¹Gramsci's theory of cultural hegemony Kenyans adopted the political elite's practice of ethnic politics. And the Kenyans politicians played cat and mouse games struggling for power to enrich themselves while the poor cling to the hopes of their ethnic leaders saving them from the grasp of poverty. In such a case the hope Karl Marx's revolution by the proletariat (working class) would surely be

¹⁰¹ Cultural hegemony is the philosophic and sociological concept, originated by the Marxist philosopher Antonio Gramsci, that a culturally-diverse society can be ruled or dominated by one of its social classes. It is the dominance of one social group over another, e.g. the ruling class over all other classes. The theory claims that the ideas of the ruling class come to be seen as the norm; they are seen as universal ideologies, perceived to benefit everyone whilst only really benefiting the ruling class.

impossible. Thus any change in the political landscape in Kenya is not dependent on economic development but rather emancipation from ethnicity. What needs to occur is a renaissance of thought from ethnic boundaries to national boundaries. When this occurs then the change required to make leaders accountable can occur. In this sense I believe Marx's theory of base and superstructure is weak in terms of the base being susceptible to the superstructure with no hope of the vice-versa occurring.

Indeed Gramsci has a strong argument in that the colonisation of the masses' conscious is greater tragedy than a system of corrupt leaders who even though are not perfect are aware they are accountable to the people. That line makes sense of the economic miracle witnessed in Taiwan. Where the government chose to soften political control and selectively adopt more market-conforming tactics to sustain development. Stability through authoritarianism and a developmentalist state laid a foundation for Taiwan's growth, but also key was the mainlander party-state's grudging willingness to create a system that granted wide scope to succeed economically to a pragmatic people with ambitions and talents in that direction. Cronyism and corruption existed but so did genuine opportunity. These policies are not that much different from Adam Smith's proposals in the book *wealth of the nations* where he says that economic liberalism favours markets unfettered by the government, and maintains that the state has a legitimate role in providing public goods. For instance, Adam Smith argued that the "state has a role in providing roads, canals, schools and bridges that cannot be efficiently implemented by private entities"¹⁰⁴ Milton Friedman also argued that the economic freedom of competitive capitalism is a requisite of political freedom. Friedman argued that centralized control of economic activity is always accompanied by political repression. In his view, transactions in a market economy are voluntary, and the wide diversity that voluntary activity permits is a fundamental threat to repressive political leaders and greatly diminish power to coerce. Friedman's view was also shared

104 Paul A. Samuelson. "A Modern Theorist's Vindication of Adam Smith," *American Economic Review*, 67(1), p. 12 (1977). Reprinted in J.C. Wood, ed., *Adam Smith: Critical Assessments*, pp. 498-509

105 Friedman, Milton *Essays in Positive Economics*. (University of Chicago Press 1953). [Chapter preview links.](#)

by Friedrich Hayek and ¹⁰⁶John Maynard Keynes, both of whom believed that capitalism is vital for freedom to survive and thrive.

As we look at the suggestions of Adam Smith¹⁰⁷, Milton Friedman¹⁰⁸ John Maynard Keynes¹⁰⁹ they say that a centralised control of economic activity is accompanied by political repression that thus arguing for greater market freedom and less involvement by the government except industries vital to the economy such as infrastructure as proposed by Adam Smith. This theory ultimately clashed with Machiavelli's theory that leadership is a pursuit that serves the needs of the "common good"¹¹⁰ (Ledeen, 1999). Because according to Karl Marx's analysis of capitalism orthodox accounts of capitalism suggest that free markets will move towards equilibrium and will be inherently stable. Marxists ideas have been less than successful. Nevertheless, much of the conceptual armoury developed by Marx in his analysis of capitalism still retains an enormous utility in a world increasingly dominated by free markets. Marxist theories are discomforting because they argue that the effects of global capitalism are to ensure that the powerful and wealthy continue to prosper at the expense of the powerless and the poor. We are all aware of the gross inequality e.g. one-fifth of the world's population live in extreme poverty,¹¹¹ 100 million children live or work on the streets, in 1998 the 48 least developed countries attracted less than \$US3 billion in direct foreign investment-0.4 per cent of the global total. The F.U or USA will never accept policies that may harm the economic well being of their nations rationally speaking. Thus Machiavelli is right and wrong that the end justify the means and that a leader should sacrifice for the common good of his people. Karl Marx's analysis of capitalism was perfect but the suggestion that either capitalism or communism is the right path would not be true. In Taiwan even though they had relatively deep roots in communism the government decided to equip its people with education, economic

¹⁰⁶ John Maynard Keynes *Laissez-Faire and Communism* 1926

¹¹⁰ Ledeen, M. *Machiavelli on Modern Leadership*. (New York: St. Martin's Press 1999)

¹¹¹ (Sources: World Health Organisation, United Nations, World Bank, Jubilee 2000)

freedom and opportunity to succeed. Though there was no political freedom the Taiwan managed to turn around its economy. In Kenya sadly leadership turned ethnic politics to consolidate their power and loot public coffers. In the end it is not capitalism which is the problem as Marx purports, is not the Capitalism which helps to bring political freedom as Adam Smith purports in the end it is the choices which the leader will take on behalf of his people. Indeed leadership has a major role to play in economic development but no style of leadership is the answer how the leader understands the conscious of his people is what will help him make decisions for the common good and not the privileged few. I believe that Machiavelli a realist was right in the end that leadership is a pursuit that serves the needs of the "common good" ¹¹²(Ledeen, 1999)

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

As we conclude the study we have come to various conclusions. The economic status in Taiwan is no doubt safe but the thorn in the state of Taiwan is the calls to reunification with Mainland China. The DPP, for example, endorses strong military defense for Taiwan, for example, while the "conservative" KMT is often criticized for being too indulgent of China's Communist leaders. Discussion of left-right politics is rare in Taiwan. The mass media rarely mention the existence of a political spectrum, as each network and news source tends to take an openly partisan stand. Nevertheless the people of Taiwan have secured their economic future and it is the turn for democratic rule to run its course. This conclusion is in line with the theory Marxian theory of the

112 Ledeen, M. Machiavelli on Modern Leadership. (New York: St. Martin's Press 1999)

base and superstructure where the base determines the latter. Much of the political progress made in Taiwan can be given credit to the free rein policies the KMT government had on the economy. In the long run Taiwan became industrialized and its people gained access to education, which in turn furthered social progress. This ultimately manifested itself in political change where Taiwan a country closely affiliated with China a one party state is now a democracy.

Kenya on the other hand also made the transition from a one party state to a multiparty democracy. The recent events in Kenya where the people voted in a new constitution show that Kenya indeed has a bright future ahead of it. But democracy has not done much for Kenya's economic development as the country still has a rich gap between the rich and the poor. Education, infrastructure healthcare are some of the important sectors which are still lagging behind. Endemic corruption in the judiciary, executive and legislature which a common characteristic of African governments has also not help foster economic development. But another problem facing Kenya which is even deeper as concluded in the study above is ethnicity. Ethnicity has become so endemic in Kenya's political, economic and social structures that the idea of Kenya as a nation state would not be justifiable. If Kenya is to achieve the goals it has set for its economy by 2030 I believe leaders should stop thinking and acting as tribal leaders but as national leaders this is the only way Kenya can truly achieve its immense potential.

I would like to recommend some suggestions especially towards Kenya. Taiwan is indeed on its way to if its not already towards economic sustainability. The big question now for Taiwan's future is continue fighting for recognition as a sovereign state which most of the indigenous Taiwanese people would prefer and risk international isolation fuelled by China's growing influence in the world or to pursue the path of reintegration with Mainland China which is the path which a section of the political elite in the ruling KMT party would like to do. Whatever path they decide to take it is a fact that Taiwan has a stable economy which would not suffer if it reintegrated with China as it

also has a solid economic structure. As we have concluded above the leaders of Taiwan should place the fate of the Taiwanese people in their hands and let them choose only that way can the Taiwanese really be at peace with themselves and continue in the task of nation building. Thus I would recommend a referendum election to decide on that thorny issue of reintegration.

Sadly when we come to Kenya ethnicity is what has plagued Kenyan leadership since independence. The recently conducted referendum on a new constitution shows that Kenya is indeed ready for change. But as we discussed earlier in the chapter of critical analysis the task of nation building can only proceed when Kenya's people and politicians grasp the notion of a Nation state. So long as politics is conducted along ethnic boundaries the vices of corruption and nepotism shall continue to be prevalent within the society. The National Cohesion and Integration Committee is a noble gesture. Otherwise as history has shown wounds of the past not fully healed will only be open for infection again and again for example the Kosovo ethnic clashes, the Rwandan genocide, Kenyan post election clashes in Molo 1992 over land and many more cases. Leadership has a very important role in healing these wounds that is why Nelson Mandela is one of the greatest African statesmen alive. He commands respect because he showed the world that leadership was not about power only but forgiveness, humility, honesty, integrity and sacrifice. In Kenya, believe none of our leaders has reached that level. If this were true then a Kikuyu would be an MP in Kisumu or vice versa. The study's aim was to look at the role of leadership in economic development and indeed we confirmed through Taiwan that leadership can have a positive impact on economic development. In Kenya we can say that leadership between 1970 and 1990 was crisis. But the main issue I find was the cause of this crisis was ethnicity. To me the greatest priority for Kenya in terms of economic and political development is the eradication of ethnicity above anything else.

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