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Wiegatz, Jörg (2010) *The real challenge: confronting the neoliberal business culture in Uganda (and the structures that promote it)*. University of Sheffield Department of Politics.

This article was published by The Uganda Record ("The effects of economic liberalization on Uganda", Vol. 1, No 65, 09.04.2010), and The Independent ("The neglected side of Uganda's liberal economic reforms", Issue 107, 16.-23.04.2010).

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***The real challenge: confronting the neoliberal business culture in  
Uganda (and the structures that promote it)***

**By Jörg Wiegratz, University of Sheffield, Department of Politics**

**Article for the press<sup>1</sup>**

In the debate about improving the livelihoods of rural communities in Uganda, the technocratic, political and economic elites, both domestic and foreign, urge the ‘commercialisation of the peasants’. They say that people need to produce more, and of better quality, to be more entrepreneurial and that they need better access to markets. While markets loom large in the neoliberal dogma of those who do the urging, the market they are thinking of is an abstract ideal. Donors, NGOs and government officials rarely talk about the realities of the market arena in present-day Uganda. Our research into rural markets in eastern Uganda reveals that malpractice was often a significant element of these markets. Extensive interviews in Kampala and in the districts of Mbale, Bududa, Manafwa and Sironko suggest that face-to-face rural trade practices have been characterised by higher levels of malpractice and a change in their form since the onset of the largely externally imposed economic reforms (liberalisation, deregulation and privatisation) of the late 1980s and 1990s.

According to many of our interview partners and their accounts of economic life since liberalisation, a section of the traders (including middlemen and brokers) who bought agricultural produce from smallholder farmers in greater Bugisu engaged in deception, intimidation, theft (actual theft or non-payment for produce taken on credit), collusion (price cartel like) and corruption (to get protection and other forms of special treatment), and there was widespread use of weighted scales to trick farmers. A good number of traders in these areas were said to operate on behalf of firms that were owned by national or foreign elites. Malpractice was also a problem in other sections of the private sector in Uganda, for instance in parts of the industries that were in business concerning agricultural inputs (‘fake seeds’), construction, logistics or health.

In the decades before the neoliberal reforms, there was malpractice in the rural economy. However, this were largely kept in check, especially in the 1960s, by state regulations, by common values and norms and the related sanctions, and by the quality control of the cooperatives that were a central part of commercial agriculture. These cooperatives were weakened by years of political and economic conflicts and the actions of some of their leaders, and were finally dismantled as part of the economic reforms.

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<sup>1</sup> Sent out on 16.03.2010 to: The New Vision, The Daily Monitor, The Observer, The Independent, The Uganda Record (all Uganda) and The Guardian Katine Website (UK). Alternative title suggestions: ‘Economic malpractice - The destructive side of the liberal economic reforms in Uganda?’; ‘Economic malpractice - The neglected side of the liberal economic reforms in Uganda’. By the end of April 2010, the article was published by *The Uganda Record* (‘The effects of economic liberalization on Uganda’, Vol. 1, No 65, 09.04.2010), and *The Independent* (‘The neglected side of Uganda’s liberal economic reforms’, Issue 107, 16.-23.04.2010). Both articles are available online.

Many farmers we interviewed in greater Bugisu estimated that the majority of traders - for example, at least seven out of ten - were involved in malpractice. The interviewed traders generally acknowledged that malpractice was carried out by a number of them. Interestingly - and perhaps reflecting their idealised view of the market and their position in the political economy of the country - most of the higher-ranking government officials, NGOs and donors we interviewed put the figure at between two and three out of ten.

Partly in response to traders' malpractice, and partly for reasons of poverty and opportunity, some farmers also engaged in deceptive practices. Their malpractice was, however, less frequent and of restricted intensity and scope (mostly produce adulteration and pre-finance misuse). Practices of the small traders, who at times were farmers themselves, were often also affected by poverty-related concerns and the difficult economic situation, for example various uncertainties and financial pressures. And some traders have, in fact, found themselves being tricked by some of the larger (export) companies they were transacting with; for example, the quality of produce was questioned so as not to pay the quality premium, or quality measuring and pricing was done in a hidden fashion. Some traders also, at times, tricked these companies. Our research thus identified cases of chains of malpractice in the parts of the Ugandan agro-economy that we studied, but also, as our past research showed, in parts of the global economy more generally.

A huge problem in this context is the power imbalance in rural markets: the interviewed smallholder farmers mostly experienced a decline in their bargaining power as a result of the liberal reforms. They often had to accept the traders' malpractice because they had hardly any alternatives and needed cash to deal with the most immediate, often family-related problems (a situation which was similar for some small traders vis-à-vis the malpractice of a large buyer). When farmers approached state officials to complain, they were often told that the government can't intervene because the economy had been liberalised, and that they would simply have to get used to a changed business environment.

Many people (both farmers and traders) narrated that when they carried out malpractice they adjusted, switched off or (temporarily) dropped some of their moral beliefs and commitments due to the severe economic difficulties they were facing and acted in ways that they (and others) actually regarded as improper. Often, it pained them that they had to do it. In other words, in neoliberal Uganda, many of our interview partners could no longer afford to (always) practice their morals. And they emphasized that this was now a more general problem in the country which affected many fellow Ugandans.

Overall, a lot of the farmers we spoke to found themselves operating in a tough rural context with often substantial levels of deception and corruption in their market dealings and among a range of non-state and state bodies. They felt, in many cases, frustrated and powerless, and saw reason behind the malpractice: namely, to impoverish, exploit and dominate them. The farmers were, therefore, often very critical of the state of the neoliberal rural economy; especially given its failure to bring about the benefits that farmers had enjoyed in the era of better functioning cooperatives. The reasons for the specific level and forms of malpractice in neoliberal Uganda - or in

other neoliberal societies and the neoliberalised global economy at large - cannot be explained in detail here due to lack of space.

The few state and donor initiatives that address some of the issues in the rural economy have often come very late in the reform process, are scanty and are political in specific ways. Nevertheless, and despite the strong forces of the neoliberal status quo, they sometimes bring improvements, even for smallholder farmers. More encouragingly, some farmers successfully re-organised themselves as cooperatives, for instance in the Bugisu Cooperative Union. At times, high produce demand (or, produce scarcity), or finding out about the specifics of the malpractice of the deceiving traders (and identifying the more sincere traders) also helped some of the farmers to get a better price and to be less exposed to the tricks.

Notably, some traders rejected the spreading stress on short-term profit and the related malpractice. They built long-term oriented relationships with farmers, based on some notion of mutual trust, commitment, and cooperation; and farmers appreciated this. These traders were often also negatively affected by the fraudulent practices that were carried out by some of their colleagues. Some traders, for various reasons, gave up (or significantly reduced) their malpractice and became more upright business actors with a concern for honesty and fairness as well. Social disapproval of malpractice by family and community members played an important role in encouraging this transformation. These traders then sometimes became positive role models in their communities; counselling the youth, or advising younger traders to abandon their malpractice too. Many traders, especially smaller operators (much like most of the farmers), also raised criticism of the existing economic conditions and realities of the Ugandan state, for instance the indifference of many officials, weak public services, significant corruption, high taxes, unfair market dues and other forms of resource extraction.

In isolated cases, traders' committees were established to limit or eliminate undesirable behaviour and we also came across some state and non-state actors that were involved in efforts to lower the level of malpractice. Yet overall, the explicit, effective and regular regulation of malpractice in the agricultural produce markets seemed not to be the rule in the study region, especially in the early liberal period of the 1990s and early 2000s when malpractice was reported to be particularly high in some market places.

In summary then, our research suggests that at the broader level the dynamics and outcomes of the changing moral and political economy in Uganda since the liberal reforms have led to increasingly unconstrained moneymaking, in which those with social, economic and political power often pursue their self-interest almost without regard for the costs to others. Related to this is frequently a focus on quick profits with little regard for quality or for longer-term considerations. There seems also an increasing ability of the rich to ignore social conventions and constraints.

This self-interest is being rationalised, supported and justified by a new set of neoliberal orientations, norms and practices that increasingly govern Ugandan economy and society, as they increasingly govern life in other countries undergoing neoliberal reform, and they bring with them undesirable consequences, such as poverty, unemployment, injustice, inequality, uncertainty, insecurity, corruption, crime and a rising cost of living for a significant part of the population. These deteriorating socio-

economic conditions, in turn, affect again the relationships, norms, values and practices in the market places and communities, often negatively.

Because the neoliberal reformers are in thrall to the abstract idea of the market, they usually do not pay attention to real markets, such as the ones the farmers we interviewed use. They fall into the 'trap' of what James G. Carrier and Daniel Miller called 'Virtualism'. As a result, they do not see that these real markets are not the 'free', harmonious and neutral zones of wealth creation that their models claim. They do not see - or choose not, or are 'not allowed' to see for political-economic reasons (e.g., political and economic interests) - that these neoliberal markets are, instead, arenas of political, social, cultural and economic relations, interactions, struggle, power, deception and different views of morality. Only under very specific conditions did we find market arrangements that seemed to bring more genuine and durable benefits for some of the weaker economic actors.

Uganda is regarded as the African country that has adopted the neoliberal reform package most extensively. That reform appears to affect more than just markets. Destructive norms and practices have also gained ground in other key realms of society that have been 'modernised' according to neoliberal prescriptions, e.g. in the education, health and public administration sectors. And many Ugandans we talked to have noted a significant shift since the late 1980s regarding the way in which, more and more, they are made to think, feel and act.

What these few insights seem to tell us is that the reform has brought a broader moral restructuring with many questionable and destructive outcomes so far. At the core of the neoliberal moral norm set that is being promoted by powerful actors in the different parts of the world is the motto: maximise your self-interest! According to the neoliberal dogma, this leads to outcomes that are best for the society as a whole, for example, 'maximum social welfare'. Together with the unrestrained self-interest principle come a number of corresponding norms (and orientations) of behaving and relating to each other that are encouraged in various direct and indirect ways: these can include dimensions of a more or less crass homo economicus, instrumental rationality, individualism, egoism, low other-regard and empathy, opportunism, cunning, money focus, a disregard for the common good and so on.

For Uganda's case, it seems that in the last two decades a part of the set of the moral norms in the country - that is, the 'frontier' of what is regarded as acceptable and unacceptable, proper and improper, legitimate and illegitimate, or praiseworthy and blameworthy behaviour against the background of the (changing) moral principles in the country - has shifted to some extent in a particular direction: namely, in a neoliberal direction. The dynamics of this neoliberal moral restructuring process - which is coupled with a dramatic political-economic reorganisation - are pervasive, speedy and contested, and have led to a range of substantial and connected problems for many people and for society as a whole.

It is doubtful we will get a genuine assessment of the recent evolution and current state of economic practices and related moral norms in Uganda, and what this could mean for the future of the country, from the people who pushed so hard for reform - various donors and other influential outsiders. These people, for a large part, often seem to be advancing their own politics and see things through the rose-coloured spectacles of

their neoliberal model. This is evidenced, for example, in Alan Whitworth's article on The Guardian's Katine website last year, How development was made in Uganda (<http://www.guardian.co.uk/katine/2009/dec/03/alan-whitworth-uganda-policy>; Whitworth is also a co-author of a new book on Uganda's Economic Reforms), especially the final lines: "The over-arching reasons why Uganda's reforms have been so influential [among the global aid and policy making elites] are the rapid economic growth of the last 20 years and the resulting sharp reduction in poverty. This demonstrated that - at least in the Ugandan context - the reforms really worked."

Readers are likely to come to a different conclusion if they follow the daily news in Uganda, or search the archives for articles on the social and economic costs of the reforms, or actually go out regularly and study what people do and say. Or if they read the Ugandan government's participatory poverty assessment reports (the findings were strongly challenged by some powerful foreign proponents of neoliberal reform), the recent Uganda specific book publications by Godfrey B. Asiimwe, Joshua B. Rubongoya, Ben Jones, Chris Dolan and Sverker Finnström, or the assessment of the realities of neoliberal Africa by Graham Harrison.

The pervasiveness and authority of neoliberal thinking may be in decline in some places in the world, but it remains very powerful in Uganda. The vision of the market is seen as a cure for the country's troubles and diverts people's attention away from the actual dynamics, complexities and problems of the markets. This, in turn, stifles debate about the real challenges of production and marketing and general business practices for Uganda's smallholder farmers (and for small-scale economic actors in general), especially in the more economically deprived and politically 'neglected' parts of the country. This absence of debate can only serve the powerful and perpetuate the endless cycle of distraction, illusion, empty promises and injustice; the cycle of poverty and insecurity for the mass of people, and wealth and security for the few, and thus, broader social regression and conflicts.

Our research indicates that many of the current mainstream development programmes still often only scratch the surface, and are largely blind to the underlying problem. A first step to getting at that problem is to realise that a prosperous and better Uganda does not emerge simply when buyer and seller transact. Rather, it rests on the values, orientations and practices of the transactors, the normative, social, economic and political context in which they live and trade, and related modes of collective action.

\*\* Jörg Wiegratz is a PhD researcher at the University of Sheffield, Department of Politics. Since 2004, he has researched about various issues of Uganda's economic development. He has worked for several institutions and lived in the country between 2004-7. His publications include *Uganda's Human Resource Challenge: Training, Business Culture and Economic Development* (Fountain Publishers). This article is based on his PhD research on the changes in the relationships and trade practices between farmers and traders and the related moral norms since the liberal reforms. The research in Uganda was conducted together with the co-researchers Samuel Bbosa, James Nkuubi and Fred Guweddeko. About 180 individual and group interviews with more than 250 people were held between October 2008 and March 2009. In Kampala, interviews were carried out with several officials from state and donor agencies, NGOs, associations and the Church, journalists, academics and observers, as well as some farmers and traders based there. In greater Bugisu, interviews were held with smallholder farmers, traders (including middlemen and brokers; all subsumed under the term traders in this article) and elites. These interviews were complemented by some market observations and attention to pertinent news and debates in Uganda's newspapers and periodicals. The team is very grateful to the interview partners and the various supporters of the research. The author is furthermore very grateful to James G. Carrier for his helpful comments and suggestions on earlier versions of this article.